

NEWS SUMMARY

GENERAL

Ulster bomb kills 4 police

Four Ulster policemen were killed yesterday when their Land-Rover was blown up by a 1,000 lb bomb placed in a hijacked transit van in Beesbrook, South Armagh.

Two other Royal Ulster Constabulary men in cars behind the Land-Rover and two children were also hurt in the blast, the worst IRA attack on the police so far, which was triggered by remote control.

Ulster Secretary Roy Mason said the Provisional IRA had brought horror and devastation to Easter. They sought to draw attention to their cause by this barbarism, but they must not succeed.

Rhodesia polls

Almost 20 per cent of Rhodesia's electors went to vote in the first eight hours of the five-day polling yesterday, suggesting that the transitional Government may get the massive turnout it wanted for the first one-man, one-vote election. In Salisbury, the capital, about 500 students demonstrated against the poll. Back Page

Lebanon tension

Lebanon has sent a battalion of troops to strengthen the UN interim force south of the Litani River where Israeli-backed Christian militiamen were reported to be shelling Palestinian encampments. Earlier six guerrillas and an Israeli soldier were killed in a border clash. Page 2

Iranian rally

Tens of thousands of Iranians demonstrated in Tehran again in support of Ayatollah Khomeini, the liberal religious leader who has retired because revolutionary militiamen harassed his family, reflecting the growing split in the revolutionary movement. Page 2; Editorial Comment, Page 20

Police fears

Corruption will always exist in the Metropolitan Police, Sir David McVie, the police chief, said on Thursday television. The force was part of a London society and had "all the vices and blemishes of that society". All he could hope for was to keep corruption at the lowest level.

'Ripper' hunt

Police hunting the so-called Yorkshire Ripper who has murdered 11 women in the past 4 years are asking machinists and engineering companies to check if any of their staff visited the North-East or Tyne-side on certain dates. Page 5

Rail crash toll

The death toll in the holiday rail crash at Paisley, near Glasgow, rose to seven as rescuers completed the search of the wreckage. The dead included the driver of the two trains and at least one child.

Briefly...

Soviet Communist Party has ousted Yakov Ryabov, the youngest senior leader, from the post of Kremlin Secretary of Defence Industry. Page 2

Death of a union negotiator has complicated moves to settle a 10-day strike by Costa del Sol hotel and catering workers. Page 2

Portable kidney machines will be carried without excess baggage charges on British Airways flights.

Two Britons have been jailed in Sweden for smuggling 165 lb of hashish into Gothenburg from Bristol in a car.

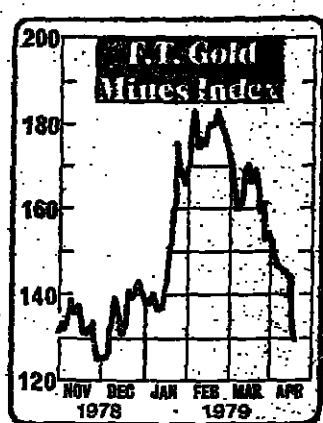
BUSINESS

Equities off 3; Sterling steady

● **EQUITIES:** In slow trading, the FT 30-share index closed three points down at 532.9, having improved marginally at 10 am on Thursday's peak closing level for 1978-79.

● **GILTS** also started firm but shorter maturities settled a shade lower and mediums and longs fluctuated narrowly before closing easier on balance. The Government Securities Index was down 0.18 at 75.66.

● **GOLD** traded quietly ahead of the monthly U.S. Treasury



auction and lost \$11 to finish at \$323.1. The FT Gold Mines index closed 4.2 down at 129.9.

● **STERLING** rose 40 points to \$2.0850. Its trade-weighted index finishing unchanged at 87.9. The dollar's trade-weighted index was 85.9 (85.7).

● **WALL STREET** before the close was down 0.09 at 860.36.

● **ETHYLENE** plant being built jointly by Imperial Chemical Industries and British Petroleum at Wilton, Teesside, is now expected to cost more than £200m—double the original estimate. Back Page

● **DECISION** about the future of the ailing Prestcold subsidiary of BL at Hillington, Glasgow, will not be taken before polling day. The Government wants the National Enterprise Board to take it over. Back Page

● **BL** is to take total control of distribution arrangements for its cars in the U.S. The company is negotiating with India's largest car producer, Hindustan Motors, which is under pressure to upgrade an outdated and inefficient model line. Page 4

● **ARBITRATION** ruling next Tuesday by the independent chairman of the Burnham negotiating committee could forestall disruptive action planned by teachers. Page 7

● **DUNLOP** today announces an advanced version of its Denovo runflat tyre, Denovo 2. French, Italian and Japanese car manufacturers are expected to follow BL in offering the tyre. Page 5

COMPANIES

● **BRITISH ALUMINIUM COMPANY**, which had group pre-tax profits of £25.08m for 1978, had a further reduction in net borrowings of £8.23m at December 31. Page 24

● **CURRY'S**, the UK electrical appliance, television and radio equipment retailer, increased pre-tax profit for the second half of 1978-79 from £7.08m to £8.39m, bringing the total for the year to January 24 to £12.19m (£10.32m). Page 22 and Lex, Back Page

● **DREMLAND** Electrical Appliances, manufacturers of electric blanket and fire detection equipment, increased taxable profits from £704,000 to a record £1.15m in 1978 on turnover up by 24 per cent at £8.32m. Page 11

Times set for long shutdown as target date passes

BY CHRISTIAN TYLER, LABOUR EDITOR

The Times and Sunday Times newspapers, whose publication was suspended on November 30 last year, are unlikely to reappear for weeks, or even months.

The Board of Times Newspapers met yesterday to consider the failure of negotiations with unions. It was hoped the talks would put the two main titles and the three supplement back in circulation this week.

The Board decided to pay up to the end of the week the two-thirds of the staff who were temporarily re-engaged. But 1,500 employees will again be off the payroll from next week, leaving about 1,200 whose union branches have signed agreements with the management.

No new target date for publication was set. The Board appeared resigned to a further long siege in their attempt to secure union agreement to new technology, new manning levels, and revised disciplinary procedures.

The ostensible reason for extending the temporary re-engagement to the end of this week when the deadline expired last night was to allow the national executive committee of the National Graphical Association, which meets tomorrow, to pick up the offer of arbitration on the primary question of who is to operate the computer-linked keyboards that the Times wants to introduce.

But the company's executives have little hope that the NGA will change its line, or accept arbitration on an issue which the union argues is one of principle and not amenable to compromise.

The company would not predict how long it was prepared to suspend publication. A statement from the Board said that there would be no Sunday Times this week and no Times or any of the three supplements until further notice.

Talks with the unions were still said to be continuing. But Mr. William Rees-Mogg, editor of the Times and a member of the Board, said last night that negotiations would probably go into limbo again for a while as a result of yesterday's announcement.

He said the unions' attitudes appeared to have hardened recently, after it became clear that the NGA was not going to meet the company's suggestion of a trial period in which the bulk of the new work would remain in NGA hands.

The company has also made little progress with two of the chapters (union branches) of the National Society of Operative Printers, Graphical and Media Personnel.

Under the new supply contracts, Shell and BP will be lifting rather more heavy than light crude. In the case of Shell's contract 55 per cent will be for heavy crude.

Both companies will receive much less than before last year's turmoil in Iran. In 1978, BP was lifting an average of 1.02m barrels a day from Iran because of its 40 per cent holding in the Iranian Oil Participants consortium. Shell held a 14 per cent interest in the consortium, and lifted an average of 531,000 barrels a day.

The prices arranged for second quarter supplies are \$16.57 a barrel for Iranian light and \$16.04 for Iranian heavy, but these could well be raised after the next meeting of the Organisation of Petroleum Exporting Countries towards the end of June.

British Airways pension fund bids £40m for investment trust

BY JAMES BARTHOLOMEW

BRITISH Airways pension fund is to offer about £40m for the Debenture Corporation, an investment trust managed by John Govett and Co.

The bid is the biggest for a UK investment trust since the controversial offer by the Post Office Staff Superannuation Fund and Barclays Bank for Investment Trust Corporation last June. It is the fourth time in two years that the pension fund of a nationalised industry has bid for an investment trust.

Mr. Michael Kerr, general manager of the British Airways

fund, said yesterday that the Debenture Corporation had a portfolio which would "fit in very nicely" with the fund's existing investments. He would be able to buy stocks of quality without driving up prices against the fund.

"The market is fairly thin," he said. "Debenture has a quality of portfolio we would like very much to have." Debenture's largest investments in its last balance sheet were Shell Transport and Trading, Harrisons and Crosfield, Unilever, Land Securities and Rowntree-Mackintosh.

The British Airways fund already owns 4.66 per cent of Debenture. Other big shareholders are Standard Life Assurance with 6.2 per cent and the Coal Board and Mineworkers' pension funds with a combined holding of 5.1 per cent.

The bid came as a complete surprise, said Mr. Mark Cornwall-Jones, a director of Debenture and of the managing company, John Govett. But he agreed that the price of Debenture had been notably firm.

Continued on Back Page
Lex Back Page

Forces pay to rise by 24%

By Michael Donne, Defence Correspondent

MEMBERS of the armed forces are to receive pay rises, averaging 24.2 per cent, back-dated to April 1.

The rises will cost £222m—but this is still about £11.5m short of the £23.5 per cent rises needed to bring the forces into line with pay in civilian life.

The Government last year promised to restore comparability by April 1, 1980, and Mr. James Callaghan, the Prime Minister, reaffirmed that commitment yesterday.

For the Tories, Sir Ian Gil-

WHAT THE OFFER MEANS

	IN CASH	NEW	OLD
Brigadier	14,774	15,545	15,545
Colonel	12,052	12,555	12,555
Major	7,942	8,296	8,296
Captain	6,401	6,704	6,704
Lieutenant	5,190	5,429	5,429
Second Lt.	4,216	4,378	4,378

* Rate from April 1, 1979, on appointment; pay scales increase according to number of years in each rank.

mour, defence spokesman, criticised the delay and promised that, if elected, the Tories would make the full payment immediately.

The pay award comprises 9.5 per cent as a "second stage" increase in the gradual move to comparability, together with a 14.7 per cent rise to take account of higher costs over the past year.

The rises include an increase of 10 per cent, from £1 to £1.10 a day, in the special supplement for serving in Northern Ireland. They also take account of a 7.1 per cent rise in food charges.

Charges for accommodation, however, are being frozen pending completion of a study by the Armed Forces Pay Review Body.

There is growing pressure on the Government to bring forward the date of comparability to stem the tide of skilled personnel leaving the forces.

The Pay Review Body, in its report to the Government, Continued on Back Page
Arbitration likely on teachers' pay, Page 7

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E in New York

	April 16	Previous
Spot	\$2.0895-0905	\$2.0810-0835
1 month	0.20-0.15	0.20-0.15
3 months	0.20-0.15	0.20-0.15
6 months	0.20-0.15	0.20-0.15
12 months	0.20-0.15	0.20-0.15

Tories going to Right says Callaghan

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME Minister developed his strategy by seizing the centre ground of the election argument yesterday by claiming that the Conservatives were moving significantly further to the Right at the campaign progressed.

With the Tories continuing to lead Labour by a substantial but not impenetrable margin, Labour tacticians believe their best opportunity of electoral success on May 3 lies in placing maximum emphasis on the potentially divisive nature of Conservative policies.

The ideological gulf between Mr. Callaghan and Mrs. Thatcher that is becoming increasingly apparent, plus the attitude the electorate takes to the Prime Minister's paternalistic approach and to Mrs. Thatcher's call for radical change, will decide the outcome of the election. It is this clash that is developing as the campaign enters its second week.

Mr. Callaghan saw his opportunity following Mrs. Thatcher's first major campaign speech in Cardiff on Monday when she revealed in the premises of fundamental but necessary changes of policy a Conservative administration would introduce.

Choice

He said at his Transport House news conference that the Tory Party had moved so far to the Right under Mrs. Thatcher that Labour had now been given the prospect of occupying the centre ground. And he made it clear he would be exploiting the claim to the full.

"I am in favour of the Conservative Party evacuating the centre ground and moving to the Right. That gives us a big area to move into. I am going for the centre as well as the left and radical ground."

I think it is something that distinguishes us and will give the people of this country a real choice for the first time."

Mr. Callaghan argued that recent declarations of policy showed that the electorate was not being asked to vote for the traditional Conservative Party. What was being put forward was something very different—it was divisive, and in the words of Mrs. Thatcher, reactionary.

The Prime Minister also attempted to fend off attacks on what is acknowledged as a weak link in Labour's armour—the scale of industrial disruption during the winter. He argued that under the last Conservative Government about

twice as many days had been lost through strikes as under Labour.

Mrs. Thatcher betrayed no signs of anxiety yesterday at the Prime Minister's tactic of branding her as Right-wing. She rejected any suggestion of a pact with the Liberals or other minority party should there be another hung Parliament, and she stood by her controversial remarks on coloured immigration last year when he referred to some areas feeling "swamped."

The Tory leader's advisers continue to believe that, if she continues to hammer home the results of five years of Labour rule, the electorate will opt for change, for less interference from the State and for greater incentives.

They are convinced that Labour attempts to brand the Conservatives as too Right-wing will have little impact in view of the difficulties Mr. Callaghan faces from his own Left, particularly in seats like Newham North-East.

In general, the conflict is regarded as by no means over yet, either by the Labour or Conservative Party, and private polls taken by Transport House continue to suggest that Labour is doing appreciably better in key marginals than in the country generally. It is in the marginals that the outcome will be decided.

It was during a BBC radio phone-in programme yesterday that Mrs. Thatcher stressed her continuing dislike of any pact agreement with a minor party. She said she viewed with horror the prospect of another indecisive result and would try to retain power without help should the Tories be the party with the most seats but without an overall majority.

Later, in a speech in Gravesend she rebutted "misleading stories" about the effect Tory taxation policies would have on pensioners and stressed that pensions would be increased to take account of price rises caused by higher indirect taxation. The earnings rule for pensioners would also be abolished.

Another tax promise came yesterday from Sir Geoffrey Howe, shadow Chancellor of the Exchequer, who suggested that the Tories might go further than simply reducing the effective rate of investment income surcharge and abolish it altogether.

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CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		FALLS	
Treasury Variable	594 + 1	Stead & Simpson A	53 + 5
1983		Time Products	249 + 11
Arlington Motor	142 + 7	New Fortis Inv	75 + 10
Bakers Stores	98 + 5	London Sumatra	275 + 10
Beaufort	65 + 6		
Brook St Bureau	65 + 6		
Brown & Jackson	487 + 17	Exchequer 12 1/2pc	1990 (\$40p.)
Collett, Dickenson,			5473 - 1
Pearce	115 + 30	Barrow Milling	53 - 5
Dawson Day	414 + 41	Currys	205 - 5
Debenture Corp. 5pc		Magnet Metals	18 - 4
Prof.	90 + 50	Spillers	105 - 25
European Ferries	1654 + 4	Western Eros	48 - 5
Forminster	168 + 4	Williams (C)	
Harris (P)	156 + 10	Anglo Americas	324 - 12
Mercury Secs	183 + 3	Corp.	
Michael (T)	90 + 12	Cons. Gold Fields	227 - 5
Reardon Smith	184 + 124	Free State Geduld	121 - 1
Read Executive	118 + 6	Southwaal	442 - 20
Scapa	573 + 4	Venterspost	191 - 22
Stakis (Rac)		Winkelhaak	515 - 53

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For latest Share Index phone 01-248 8026

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EUROPEAN NEWS

W. Germany near decision on plan for stockpile of raw materials

BY ADRIAN DICKS IN BONN

THE West German Government, after several years of inconclusive discussions, now appears near a decision to set up a strategic stockpile of scarce raw materials, to be indirectly financed by the Bundesbank.

Herr Hans Matthöfer, Finance Minister, told the daily newspaper, Die Welt, that he favoured such a plan and said it should aim at accumulating stocks equivalent to an average year's needs of such materials as chrome, cobalt, manganese, asbestos and vanadium.

Among several possible models, Herr Matthöfer indicated that he would like to see special contracts concluded with importers or users of these minerals under which the Kreditanstalt fuer Wiederaufbau, the Government financing corporation, would finance about eight months' worth of stocks.

The KW would in turn be given a special line of credit

by the Bundesbank. Under this scheme, according to Die Welt, the Bonn Government would have the right to determine when a state of emergency was so disruptive of normal supplies that user companies could draw down the strategic stockpile.

It would also ensure that companies continued to maintain and finance stocks of their own, equal to about four months' needs on average.

Herr Matthöfer's views appear to follow closely the main conclusions of an inter-ministerial committee of top officials in an interim report last autumn.

The committee is widely expected in its final report next month to recommend to the Cabinet that a stockpile be set up, and that the Government set up special financing arrangements for industrial users rather than create a stockpile agency of its own.

However, it was understood

here yesterday that several important aspects of the scheme remain to be settled.

One main obstacle to past suggestions for a German strategic stockpile has been the attitude of the Bundesbank itself.

The Bundesbank has pointed both to legal limitations on how it may dispose of its foreign currency reserves and has put forward economic objections to becoming a commodity speculator.

Three weeks ago, Dr. Otmar Emminger, Bundesbank president, did not, as on previous occasions, dismiss the notion of an indirect support mechanism, such as that Herr Matthöfer now favours.

But it is believed that the central bank's governing council would balk at any stockpile plan likely to cost more than DM 700m-DM 800m (£175m-£200m).

The Bundesbank has not, in any event, yet had the opportunity

to discuss concrete suggestions on the matter.

A second uncertainty lies over the exact range of scarce raw materials that would be included in the plan, and of the feasibility of building up stocks to a year's supply without driving up prices.

The State Secretaries' committee has identified a total of 12 commodities, with an import value in 1977 of DM 2.4bn, as being especially sensitive to political interference—by which the West Germans primarily mean serious interruption to supplies from South Africa.

In light of estimates from industrial sources that a year's supply of chrome alone would cost up to DM 300m to finance, it seems unlikely that all 12 commodities could be included in the plan.

Officials here stress that details remain to be settled before the scheme is ready for Cabinet consideration in May or June.

Agreement close in Dutch pay negotiations

By Charles Batchelor in Amsterdam

PROSPECTS for a peaceful conclusion to the 1979 Dutch wage round have improved with a decision by unions in two major sectors of industry to drop their demands for a 35-hour working week.

Negotiators for more than 500,000 metal industry workers and for 95,000 bank and insurance employees have reached agreement with the employers on the broad outline of a wage accord.

The most significant breakthrough came with the decision by the industrial unions affiliated to the FNV federation to drop their demand for a shorter week in the metal industry.

Although this move is likely to be followed by the industrial unions negotiating in the textile and chemical sectors, and with the Dutch multinational companies, union spokesmen warned that a formal demand for a shorter week is still on the table in these industries.

The metal employers and unions have still failed to agree on the duration of the wage accord—the employers want the agreement to run until April 1981 but the unions are not prepared to go further than April 1980.

Talks here and in the bank and insurance sectors are continuing on the financing of early retirement schemes and on the number of extra holidays to be given.

The metal unions dropped their demand for a shorter working week after it became clear there was little support from their members and disagreements among the union leadership.

A study carried out by the Central Planning Office, the main government forecasting agency, disclosed that unless wage cuts were accepted, a shorter working week would lead to a reduction of jobs.

Up to the time the unions suddenly dropped their demand for a shorter week, the four-month old wage talks had been growing increasingly bitter.

Fewer than one in five of the 2.7m workers involved had signed agreements, and the metal industry unions were preparing industrial action.

The main sectors which have now reached agreement are 300,000 in the building and allied trades, 50,000 printers, 50,000 in the furniture and wood industry, and 15,000 dockers.

EEC offers aid to Lule

By Margaret Van Hatten in Brussels

THE EEC Commission yesterday intervened in the two most sensitive areas of African politics with telegrams of support to Mr. Joshua Nkomo, co-leader of the Rhodesian Patriotic Front and to Professor Yusuf Lule, Uganda's new President.

Holding out the promise of emergency aid to Uganda from the Nine, M. Claude Cheysson, EEC Development Commissioner, told Professor Lule that the Community was ready to resume aid to the country under the Lomé Convention.

M. Cheysson also denounced the "murderous attacks" by the "illegal Salisbury regime" on Mr. Nkomo's house in Lusaka last Friday.

Stability doubt as Ecevit patches up Cabinet row

BY METIN MUNIR IN ANKARA

MR. BULENT ECEVIT, Turkey's Prime Minister, appears to have placated the six rebellious Independent Right-wing Cabinet Ministers on whom he relied for his slim parliamentary majority. But doubts about his Government's long-term stability persist.

After a 17-hour Cabinet meeting, one of the longest in the republic's history, Mr. Ecevit emerged yesterday to read a Cabinet statement, indicating that a compromise has been reached.

But the revolt may have unleashed forces which could at worst bring down the Government, and at best be a source of constant weakness for Mr. Ecevit.

Mr. Ecevit's 16-month-old government is a coalition between his left-of-centre Republican Peoples Party (RPP) and 11 independent right-wing deputies. They had crossed the floor from the Justice Party of Mr. Süleyman Demirel, the former Prime Minister. Ten of them held Cabinet posts. Six of these revolted last Saturday, and three others sympathised with the rebellion.

In a public memorandum, which Mr. Ecevit heard about



Mr. Bulent Ecevit

only after it was read to reporters in the Turkish capital, the six demanded tougher action against extremists and Kurdish secessionists and policies which were more orientated towards the West and private business.

The Government announcement indicated that Mr. Ecevit has acceded to these vague demands. How things will work out in practice and how long the six will remain appeased remains to be seen.

There are limits to which Mr. Ecevit can go without alienating the important forces which support him—his party and the trade unions and associations.

There are reports that Mr. Ecevit may be forced to put under martial law some Kurdish provinces in the border area with Iran and Iraq. Already 13 Turkish provinces, where one third of the army population lives, have been under martial law since December. According to some reports, the Turkish Kurds may be preparing to stage a rebellion for independence.

The subject of the Kurdish provinces is bound to come up during the debate in Parliament for the extension of martial law next week.

The revolt came at an unfortunate time for Mr. Ecevit. He has just completed a new economic stabilisation programme and was planning to renew the dialogue with the IMF next week.

Top Soviet leader sacked

BY DAVID SATTER IN MOSCOW

MR. YAKOV P. RYABOV, one of the youngest members of the top Soviet leadership, was removed as Kremlin Secretary for the Defence Industry yesterday at a Plenary Session of the Communist Party Central Committee.

Mr. Ryabov, 50, had only been in the Secretariat, the party's chief administrative arm, for a little over two years. Informal Soviet sources attributed his removal to conflicts with older men in the leadership who found him too ambitious.

Only two other persons have been removed from the Secretariat in recent years. But neither of these persons was

removed after such a brief time in office as Mr. Ryabov.

A communiqué on the plenary meeting issued by Tass, the Soviet news agency, said that Mr. Ryabov had been relieved of his duties in connection with his appointment as First Deputy Chairman of Gosplan, the State Planning Agency.

Mr. Leonid Brezhnev, the Soviet President, who appeared in public on Sunday at a Moscow ice hockey match after a three-week absence due to severe flu, made a speech at the Plenum, but the news agency gave no details.

Tass said that Mr. Mikhail

Suslov, the chief party ideologist, also spoke.

The Soviet Union has taken steps in recent months to reorganise and strengthen Gosplan. But the removal of Mr. Ryabov from the party Secretariat is clearly a demotion and conforms to a pattern set over the past decade of removing the younger men from the top Kremlin leadership.

Mr. Konstantin Katishchev, 52, was removed from the Secretariat to become Soviet representative to Comecon in 1977. Mr. Pyotr Demichiev, 61, was removed in 1974, although he remains a candidate Politburo member.

Romania attacks Moscow 'interference'

BY LESLIE COLT IN BERLIN

ROMANIA HAS "sharply attacked Moscow's 'interference in the internal affairs' of the independent, minded Communist country and Soviet attempts to force Bucharest to condemn China."

The defiant Romanian statement comes after the Soviet Union put pressure on Romania to increase its defence budget and to join the other Warsaw Pact countries in attacking the Chinese leadership after Peking's invasion of Vietnam. The flat refusal of the

Romanian Communists to accept any directives from Moscow is summed up by the words that there is "no centre of the international Communist movement."

It comes in a lengthy ideological defence of the "right of each party to independently determine its political line" and is contained in an article in the Romanian foreign policy weekly Lupta.

The broadside appears under the bland title: "The Com-

munist International and the reality of the era."

Until now, all the Warsaw Pact countries apart from Romania had published articles hailing the 60th anniversary of the Comintern, the Communist International founded by Lenin. The Comintern was the alliance of 43 Communist parties, around the Soviet Union's party which lasted until 1943. The Romanian article, therefore, attacks the Comintern and warns against any attempts to revive it.

Bonn protest over crackdown

BY OUR BERLIN CORRESPONDENT

WEST GERMANY has protested sharply against East German restrictions on Western correspondents in East Berlin, saying they are a serious violation of the 1975 Helsinki agreement and of agreements between the two countries.

The East German moves came in retaliation against recent West German TV interviews with East Germans who criticised their Government.

The East Germans were interviewed while queuing to buy Western goods at the hard currency shops after East Germany announced they would no longer be able to use West

German currency to buy there. The bitter comments by East German TV news by millions of East Germans. This prompted East Germany to announce the restrictions on the work of foreign journalists.

The new regulations say that journalists in East Germany may not carry out "interviews or questioning of any kind" without official permission.

This would presumably eliminate the frequent "man in the street" TV interviews West German correspondents have conducted with anonymous East Germans.

On paper at least, it is the most restrictive measure against West German correspondents imposed by any Communist country. West Germany has lodged a sharp protest with the East German Government, saying it is a serious violation of the 1972 agreements between the two countries.

East Germany is as unlikely to rescind the move as West Germany is to allow it to halt the process of improving relations between Bonn and East Berlin, which depends on West Germany's respecting the Communist Government's fear of domestic unrest.

Portuguese steel chiefs quit

By Jimmy Burns in Lisbon

TWO LEADING directors of Siderurgia Nacional, the Portuguese nationalised steel company, have resigned in a policy row with the Government over the future of one of the country's major industrial projects, the national steel plant.

The plan, aimed at improving the competitiveness of Portugal's main steel plant at Seixal, near Lisbon, was accepted in principle at the beginning of the year, but the Government has recently back-pedalled on some of the details of the original project.

The latest controversy follows an announcement by the Ministry for Industry last month that the projected \$250m investment was to be "re-assessed" in the light of the Government's moderate target for economic growth and the short-term future of the international market.

No firm decision is expected until later this month, but the Government is known to be considering a revised plan, which would reduce the initial investment to about \$230m. A planned extension of a coke-oven plant and the building of a new light section mill at Seixal would be postponed.

Confirming his resignation yesterday, Sr. Manuel Van Hoof Ribeiro, a member of the steel company's Board, said the Government's growth target of 3 per cent was threatening to delay indefinitely the country's industrial development.

Sr. Bayo Horta, a former Industry Minister and the author of the original steel plan, blamed his resignation on the Government's hesitation.

Belgians hunt airport raiders

BRUSSELS — Police yesterday were still hunting members of a Palestinian commando group which wounded 12 people during an abortive attempt to attack an Israeli airliner, and its passengers at Brussels Airport on Monday. Two other guerrillas were arrested after the incident.

Deputy Public Prosecutor Raoul de Viss said the two would be charged later this week with attempted murder. Reuter

New French air strike threats

BY DAVID WHITE IN PARIS

THE THREAT of French air-traffic disruptions, which last summer hung over peak holiday weekends on many European routes, returns today.

But the strikes, one by Air France ground staff and another, threatened for tomorrow, by flight personnel, will have only limited effects on international travellers, compared with last year's dispute between the Government and French air traffic controllers.

Air France said nearly all its long-haul flights would be maintained, while today's medium-haul flights were being cut by

half. The strike affects 30,000 of the airline's 31,000 ground staff. Four unions are pressing for pay increases, shorter hours and job guarantees.

Pilots and other flight personnel at Air France's internal sister airline, Air Inter, called off a strike today, pending the outcome of talks, but are planning to go ahead with a strike tomorrow if these fail.

They are protesting against the use of aircraft chartered from foreign companies, at a time when several hundred French pilots are out of work. The dispute follows a "bailing-out" agreement with the Polish

operator, LOT.

The strikes coincide with a revival of hostilities in the French steel industry. Unions today launch a "steel-less week" of stoppages, after a stalemate in pay disputes at two coastal steel works.

Ironically, the two centres affected, Dunkirk on the Channel, and Fos on the Mediterranean, escaped the Government's hotly-disputed redundancy plans.

Partial strikes have led to the laying-off of more than 18,000 workers. Expulsion orders have been served on strikers in both plants.

Irish banks dispute may grow

BY OUR DUBLIN CORRESPONDENT

THE LEADER of the Irish Bank Officials Association has warned that the threatened industrial action could grow into a full strike because of what he called "interference" by the banks.

The association is balloting its 15,000 members in both parts of Ireland on industrial action in support of a claim for more money because of the extra work involved since parity between sterling and the Irish currency was broken.

The banks are upset at the wording of the ballot paper which they see as offering bank

officials no choice but to support industrial action.

Mr. Frank O'Rourke, chief manager of the Bank of Ireland, took the unusual step of criticising the ballot paper because, he said, it did not include the option of abstention.

The initial industrial action is expected to take the form of a refusal to handle sterling transactions. But Mr. Job Stott, secretary of the association, said that "interference" could precipitate a strike.

The banks concede that the currency break has meant extra work but say the way to deal

with this is through extra staff and equipment.

A refusal to handle sterling transactions, would have limited immediate impact, but fears exist that, if it continued, the banks would eventually be forced to close.

On the general industrial front, the Congress of Trade Unions has set next Friday as the deadline for agreement with the Government on a new economic and taxation policy.

The union movement is angry at what it sees as the unfair burden of taxation on the wage and salary earner.

Spain hotel row worsens

BY ROBERT GRAHAM IN MADRID

THE DEATH in obscure circumstances of a member of the hotelworkers' negotiating committee has further complicated the bitter 10-day hotel strike on the Costa del Sol.

Hotels and bars in the Malaga area have been seriously affected throughout Easter week and the weekend, and some tourists are being switched to other parts of the Spanish coast.

Sr. Manuel Benítez Sotano died on Monday after falling from a fourth-floor balcony near Malaga. Until then, he had been taking a leading part in the hotel strike staged in protest over a Labour Ministry imposed wage settlement.

The main union of which he was a member, the Confederation of Workers' Commissions (CCOO), said yesterday that they were awaiting the results

of an inquest. Unofficial reports suggested the death was accidental.

Sr. Sotano's death prompted the head of CCOO, Sr. Marcelino Camacho, to intervene yesterday with Sr. Rafael Calvo Ortega, Labour Minister, in an effort to resolve the hotel dispute.

A meeting is expected today between Sr. Camacho, the Minister, and representatives of the hotel owners.

The hotel owners maintain that they can do nothing about the strike, since the wage settlement has already been imposed by the Government. The settlement involves raising monthly minimum wages.

The unions for their part contend that the hotel owners deliberately sought to have an early Government-imposed settlement

Suarez' political skills will be tested even more in the months ahead: ROBERT GRAHAM reports from Madrid

The challenges facing Spain after the elections

FOR THE first time Sr. Adolfo Suarez's deft political touch has deserted him. The Spanish Prime Minister badly fluffed the presentation of his new Cabinet earlier this month. Having taken an extremely cautious five-week preparation, he then set a self-appointed deadline and at the very last moment discovered that not everyone wanted to fit into their designated slots.

Sr. Rodolfo Martín Villa, the former Interior Minister, decided at 8 o'clock on the evening in which the announcement was due to be made that he did not wish to accept the post of Minister of Public Works, and in the end did not go into the Cabinet at all.

The incident has been largely forgotten. But it has raised some questions about the Prime Minister's political skills which will need to be answered when the Government starts work again after the Easter break.

From now on the political scene will be more complex. The remarkable consensus that loosely bound the ruling Union de Centro Democrático (UCD) to the Communists and Socialists, formalised in the Moncloa Pacts of October 1977, has been broken. Overtly partisan considerations have begun to overrule national ones. The scene has also shifted away from the backstage tripartite

axis between Sr. Suarez and Sr. Felipe Gonzalez and Sr. Santiago Carrillo, the respective Socialist and Communist leaders. With the constitution approved and now a constitutional government, political debate and political manoeuvring will shift to Parliament. There will also be a more clear-cut division between Government and Opposition.

The political consensus could have been retained—the Communists wished it to continue—but Sr. Suarez regarded the Moncloa Pacts as a phenomenon of the transition and they were damaging to UCD's grass roots support on the right.

Instead of going to Parliament for a vote of confidence after the approval of Spain's new constitution in December, he chose to call a general election to consolidate his own position within UCD and to obtain a clear mandate that would enable him to dispense with horse-trading with the Socialists and Communists. He was also determined to prevent the Left obtaining electoral advantage in municipal elections which had been postponed since 1976.



Sr. Adolfo Suarez

largest number of municipalities but is the key 20 large cities of Spain the UCD lost out either to the Left or to Nationalist candidates.

UCD obtained 167 seats in the 350-seat lower house in the general elections. Though not quite the "victory" UCD supporters claimed, it nevertheless showed there had been no voter disaffection in the 21 months since the first democratic elections of June 1977.

Mr. Suarez himself is now making less effort to retain the reformist image. With few exceptions the new Cabinet reflects a shift to this new centre-right colouring.

The danger inherent in forming a Cabinet on this basis is that it becomes packed with "yesmen". Sr. Suarez behaved more and more like the president—a title which he prefers to Prime Minister.

There are, however, going to be two checks on this drift to the right and towards presidentialism. First, there are some liberal-minded and talented people in the administration since the Franco era who will not be dominated by the Prime Minister.

Second, the Socialists and Communists are determined to play the role of Opposition within Parliament and to use their new-found control of major cities like Barcelona and Madrid as showcases of what they can achieve.

The position of the Socialists after their performance in the general elections and their rather hurried entente with the Communists in the wake of the municipal elections will be crucial. Having lost out playing the moderate card, offering very diluted Socialism, Sr. Gonzalez is now moving quickly back towards more militant and Marxist doctrine. Even on this

more militant ticket his party still lost votes to the Communists in the municipal elections, and the new pact over supporting common candidates is not without risks.

UCD has established itself as the party of the centre and right. But the Socialists have yet to offer convincing proof that they are the party of opposition on the Left.

The Government has yet to give any detailed outline of policy. But Sr. Suarez has said enough to suggest that Government priorities remain the same as before—economically combating inflation, coming to terms with unemployment, preparing for entry into Europe, establishing the framework of some regional autonomy, improving law and order and modernising the armed forces.

On the economic front, the long period of political uncertainty that preceded the December constitutional referendum, and the virtual paralysis of the administration during this period of politicking has been damaging. In practical terms it has meant that positive efforts to break out of the recession have been delayed by at least six months.

Measured against this, the country now has the prospect of a stable Government for the next four years. This should help private sector confidence—so hesitant until now to invest



Sr. Santiago Carrillo

Suggestions that the Government will seek a mild form of inflation are now being discounted—at least not until late autumn. This is because inflation is still, and worryingly, running at around 16 per cent. On present indications there is no way the Government can cut inflation to the anticipated 10/12 per cent. The pressure on oil prices alone will undermine this. Among the first decisions to be taken will be to raise

energy prices. A difficult early decision will need to be made on the fate of three nuclear plants awaiting authorisation.

On the labour front, the Government-imposed wage ceiling of 14 per cent is just about holding. But this is being undermined by inflation and will probably need to be reviewed in June. Labour itself is deeply concerned that the Government will now side with the employers' federation. As it is the first quarter has witnessed unprecedented labour unrest.

Politically the main problem ahead is how to deal with regionalism. The two sets of elections have reinforced the hands of the Nationalist and separatist parties in the regions—Basque, Catalonia, Galicia, the Balearics and the Canary Islands.

The previous Government strategy of offering regional autonomy statutes to all the regions, as a means of diluting the demands of the Basque and Catalan militants, has merely aroused latent regionalism and encouraged a drift towards federalism—even though the new constitution excludes this.

In the Basque country the national political parties have been rejected in favour of local groupings. The radical Herri Batasuna has convincingly proved it has a major con-

stituency. With Herri Batasuna openly sympathetic to ETA's aims, there will be new pressure on the Government to treat with ETA, the separatist group, the ETA gunmen have meanwhile raised the stakes. Of the 37 political killings this year ETA has claimed responsibility for at least 25.

There is nothing to suggest, however, that the Government will bend to ETA's demands. This would be unacceptable to the military. Besides by bringing in a military man and former Guardia Civil commander as head of the Interior Ministry, General Ibanez Freire, Sr. Suarez seems to be anticipating further violence in response to the no-hesitant approach to the Basques. By insisting the general Sr. Suarez is passing the buck of military anger over terrorism to the military themselves.

The only hope on the Basque front is that the conservative Basque Nationalist Party (PNV) can do some horse-trading with Sr. Suarez. But the PNV cannot ignore the support for radical groupings like Herri Batasuna. The pointers are that it will be the most violent year yet in the Basque country.

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Realignment in Iran likely as thousands demonstrate

BY SIMON HENDERSON AND ANDREW WHITLEY IN TEHRAN

THOUSANDS OF Iranians demonstrated in Tehran again yesterday in support of Ayatollah Talegani, the liberal religious leader, who has retired because of his family. The demonstration, the third in as many days, was comparatively small by Tehran standards, but reflects the country's growing political crisis as factions differ over future developments of the revolutionary movement which overthrew the Shah.

Yesterday's demonstration, a march from the university to the office of Mr. Mehdi Bazargan, the Prime Minister, clearly indicated the degree of minority but active support for a liberal regime as opposed to the stricter interpretation of an Islamic republic made by supporters of Ayatollah Khomeini.

The marchers were mainly middle class and organised by the recently formed National Democratic Front. They carried pictures of Ayatollah Talegani, and of Dr. Mossadegh, the nationalist Prime Minister of the 1950s. There were also some photographs of Dr. Shariati, the radical Islamic thinker.

Two hours after the march took place a press conference was held by Dr. Karim Sanjabi, who resigned two days ago as Foreign Minister partly in support of Ayatollah Talegani.

The events all show the disquiet with which many Iranians view the power of the revolutionary committees which exist in most localities and act in the name of Ayatollah Khomeini.

Khomeini. In reality they appear as supreme arbiters of most local affairs.

A realignment of Iranian political groups appears about to take place. Such a change has seemed inevitable since the revolution because of the many disparate groups but the affair of Ayatollah Talegani appears to be acting as a focus.

The radical Islamic guerrillas, the Mujaheddin, have come out in support of Ayatollah Talegani. Iran's communist grouping, the Tudeh party, has also expressed sympathy for the Ayatollah.

The long difficulties between Ayatollah Khomeini's Revolutionary Council and the Government of Dr. Bazargan seem likely to be accentuated by these events.

U.S. arms for Oman mooted

By Our Foreign Staff

THE UNITED STATES is considering the sale of air defence, anti-tank and infantry equipment to Oman, as part of the stepped-up commitment to protect Gulf oil supplies in the wake of the revolution in Iran and the fighting in Yemen.

Washington is also understood to have given Sultan Qaboos, Oman's ruler, broad if unspecified assurances that the U.S. would further step up military aid to defend the regime against any Soviet or Cuban-backed insurgency from neighbouring South Yemen.

U.S. officials stressed that this would not include troops and is part of American policy to defend the Saudi oilfields, the major loading terminals in the Gulf, and the Straits of Hormuz, through which 100 tankers a day pass. All three are vital to Western oil supplies.

The key to the security of the tankers—the desolate Musandam Peninsula at the neck of the Gulf—is owned by Oman but separated by the United Arab Emirates. Its seizure by a Soviet-backed revolutionary government could have serious repercussions for the West.

America's assurances are already backed up by the Fifth Fleet—now cruising off the Gulf—and follows Omani support for the Camp David peace treaty.

Although there does not appear to have been a specific trade-off, Sultan Qaboos's firm backing for President Sadat in the Arab world has undoubtedly been an important factor in persuading the Americans to back him.

Members of the U.S. Embassy's defence staff in Riyadh have just left Oman with a shopping list of arms.

Additional impetus has been given by the apparent wavering of British support for Oman following the events in Iran. Remarks made by Mr. Frank Judd, Junior Minister at the Foreign Office, strongly suggest that Britain has been reassessing its backing for Sultan Qaboos.

There is no suggestion of Britain withdrawing economic support, or the British Loan Service Personnel officers, who effectively run Oman's army. But Labour ministers have drawn parallels between the Shah's style of rule and Sultan Qaboos, and have urged the speeding-up of the democratic process.

SOUTH AFRICA

Apartheid at the Crossroads

BY QUENTIN PEEL IN JOHANNESBURG

"WE HAVE been living under the bushes for years. If they move us again, God made a lot of bushes." The defiance of the women of Crossroads, the sprawling black squatter settlement which lies under the flight path of jets landing at Cape Town Airport, recently forced the South African Government to make a major concession. Dr. Piet Koornhof, the Minister of Plural Relations, announced that a new township was to be built to house the illegal squatters, in contravention of some of the most fundamental tenets of apartheid.

His decision immediately caused an agonised debate within the 20,000-strong settlement, between those who saw it as a victory, a concession of virtually every issue they had fought for, and those who instinctively suspected any Government decision, and wondered at the price which would have to be paid. Outside Crossroads, too, there is a debate over just what the move means for the Government's whole policy of migrant labour, and how it may affect the hundreds of thousands of squatters eking out an existence on the fringes of every major conurbation in South Africa. It coincides with the concession of the first 99-year leases to urban blacks in townships like Johannesburg's Soweto, hitherto regarded by apartheid policy as "temporary sojourners" in the "white" areas of South Africa, eventually to return to their tribal homeland. Those Bantustans are intended to become independent states, thus automatically turning every urban black South African into a foreign migrant worker. So how far is the grand strategy compromised by the latest concessions? And in the short-term, how will they help solve South Africa's critical housing shortage?

The Crossroads compromise is a classic example of the tactics adopted by Dr. Koornhof, the man responsible for all domestic policy affecting the majority black community, with a reputation as a "Verligte" (enlightened) member of the cabinet, yet with a background steeped in apartheid orthodoxy. (He was formerly secretary of the Broederbond, the Afrikaner nationalist secret society, and a backroom researcher for Dr. Hendrik Verwoerd, the prime architect of separate development.) It is an ad hoc solution

to resolve a clash between apartheid ideology, economics and human nature, bought with a promise that the ideology will be the more strictly enforced in future. Thus the great majority of "illegal" blacks in Crossroads, who came to Cape Town either to live with their migrant husbands or fathers, or were brought there by the ready availability of jobs when the economy was growing, will be implemented, by white officials who have a reputation for blind bureaucracy, and even blatant racism. "You are asking us to walk on the same path as the lion," one Crossroads resident told Dr. Koornhof last week. "The officials are lions, and they will eat us. They only know about past rights not humanity."

If the minister's ability to follow through his humane decision is open to question, so

to build urban black housing. When workers are allowed to come, it is primarily as migrants, forced to live in vast single sex barracks and leave their families in the homelands. Thus as in Cape Town, the only way a migrant can keep his family life is to become an illegal squatter. The consolidation of the tribal homelands has also boosted the squatter population, by uprooting hundreds of thousands of families from "black spots," and from white farms, and by resettling them on virgin land in the Bantustan.

Increasingly, housing specialists believe that the only solution to the chronic housing shortage lies in the field of self-help, upgrading of squatter settlements, and development on a site and service only basis. But such a strategy would conflict with the Government's desire for strict control of urban black communities and their growth.

The introduction of 99-year leases suggests that the government has finally accepted some degree of permanence in the urban black population which must conflict with the overall strategy. The aim seems to be to bring more private capital into the field of black housing, because building societies can now give mortgages against the leases.

The crossroads compromise goes further. If it is more than a way out of a political embarrassment, then it suggests official recognition that the migrant way of life, in single-sex hostels, is less than perfect. The logical conclusion is that migrants should be allowed to bring their families with them.

Dr. Koornhof goes to great lengths to argue that his policy remains within the wider strategy of separate development. His tactics thus appear to be to make ad hoc concessions, like Crossroads, simply in order the better to preserve the final goal. But there is considerable opposition within the Government from those who would argue that any compromise will simply lead to greater demands. The proponents of greater internal compromise—as opposed to compromise in foreign relations, which they reject—are currently in the key Government portfolios. It remains to be seen whether their tactics will hasten the accomplishment, or the demise, of the final solution.



A Black settlement outside Cape Town.

Thai pledge on Cambodian refugees

By Richard Nations in Bangkok

KRIANGSAK KROMANAN, the Thai Prime Minister, has promised American officials that his country will not force refugees back to Cambodia against their will. His remarks came at a time when an estimated 50,000 Khmer Rouge soldiers and dependents have been driven to the Thai border by a broad Vietnamese-led push to clean out pockets of resistance in Western Cambodia.

Meanwhile the Vietnamese offensive in Western Cambodia is apparently designed to clean out the guerrilla strongholds close to the Thai border before the beginning of the monsoon.

Since the Vietnamese seized control in January, there has been an unspoken understanding between Hanoi and Bangkok to insulate the Thai border from the conflict. Vietnamese forces have rarely advanced within 5 miles of the frontier.

That deal is now off, and Thai officials anticipate up to 50,000 Khmer Rouge sympathisers waiting to cross the border as the Vietnamese move forwards.

Despite Mr. Kriangsak's assurances not to force Cambodian refugees back across the border against their will, reports from the area indicate that this is exactly what the Thai military is doing.

Egypt, Israel in oil talks

BY L. DANIEL IN TEL AVIV

THE HAND-OVER to Egypt of the Alma oil fields, off the eastern shore of the Gulf of Suez, and the subsequent supply of crude to Israel, were discussed on Tuesday morning between Mr. Yitzhak Moda'i, the Israeli Minister for Energy, and his Egyptian counterpart, Dr. Azadin Hilal.

It was the first Egyptian-Israeli meeting at a ministerial level since Premier Menachem Begin's visit to Cairo on April 2. The Israeli Minister and a group of experts toured the Alma field south of A-Tur with Dr. Hilal and representatives of the Egyptian National Oil Company. The field has been developed by the Neptune.

Superior Oil Company under a concession granted by the Israel Government.

Israel wants to go on importing oil from Egypt when the Alma field is handed back in seven months' time.

Meanwhile, Reuters reports from Kuwait that a meeting of Arab oil exporters has banned the sale of Arab oil to Egypt and also suspended it from their organisation and three affiliated bodies—the Arab Maritime Petroleum Transport Company, the Arab Petroleum Investment Corporation and the recently-created Arab Petroleum Services Company, for signing the peace treaty with Israel.

Palestinian areas bombarded

BY IHSAN HJAZI IN BEIRUT

ISRAELI YESTERDAY pounded Palestinian-held areas in southern Lebanon with heavy artillery only hours after a clash near the border left six guerrillas and one Israeli soldier dead.

The new tension came as the Lebanese Government was preparing to send a battalion of the Lebanese army to the south to take up positions alongside the UN peace-keeping force.

Israel has withdrawn its

objections to the deployment of the Lebanese contingent in the south, and was said to be trying to get its Christian allies under the command of Major Saad Haddad to do the same, according to speculations in the Press here. Israel gave its agreement in exchange for a promise that neither the Lebanese troops nor the UN forces will enter the nine-mile-wide border strip controlled by Major Haddad and his Christian militia.

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AMERICAN NEWS

WORLD TRADE NEWS

St. Vincent volcano still dangerous

THE SOUVRIERE volcano on St. Vincent, which erupted last Friday, has remained quiet for the past two days, but is still "dangerous and absolutely unpredictable," Mr. Milton Cato, the Premier, has said. Tony Cozier writes from Bridgetown, Barbados. Mr. Cato said his Government would not yet order the 12,000 evacuees to return to their homes near the volcano for another few weeks.

International aid has been pouring into the 120-square-mile island from Britain, Canada, the U.S. and neighbouring Caribbean countries. Seismologists from the University of the West Indies and the Smithsonian Institute have established monitoring equipment near the volcano, and latest reports indicate that activity has diminished.

The Premier said there could be no estimate of damage to crops and property in the towns and villages near Soufriere until it was deemed safe to return to the area.

Canada budget curbs blamed for robbery

CANADIAN government budget restraints delayed installation of a burglar alarm system at the main Ottawa Post Office terminal hit by a C\$5m (\$2m) robbery over the Easter weekend, Mr. Gilles Lamontagne, the Post Master General, said yesterday, Victor Mackie writes from Ottawa.

The Post Office had no alarm system and only one unarmed guard who sat at his front desk while thieves rummaged through bags of registered mail and made off with travellers' cheques, coins, passports, gold, and wholesale drugs.

Boeing investigation

A Federal investigation of Boeing Aircraft Corporation's possible concealment of a \$3.6m foreign payment was disclosed when a Swiss court ruled that Switzerland should turn over secret bank records in the case, according to the Wall Street Journal. AP reports from New York.

Premier of Dutch Antilles quits after strike

CURACAO—Mr. Silvius Rosendal, the Premier of the Dutch Antilles, has called a General Election and thus defused a potentially explosive labour dispute.

Mr. Rosendal, who took the action under pressure from the Dutch Government and his own civil servants, became Premier of the widely scattered Dutch Caribbean islands only 18 months ago. He tendered his resignation and dissolved the Staten (Parliament) on April 5 after failing to resolve a paralysing strike by civil servants.

The strike, which had threatened to develop into a violent celebration of the 10th anniversary of strikes and looting which hit Curacao in May 1969, was the final straw for Mr. Rosendal, who had little choice but to resign.

Since November last year he has been under almost constant pressure on the labour front, and the Dutch Government recently warned him it would cut off financial assistance until he put the colony's finances in order.

Mr. Dries van Agt, the Dutch Premier, has regularly criticised the financial management of Mr. Rosendal's Government and,

Doubt cast on U.S. ability to verify SALT accord

BY DAVID BUCHAN IN WASHINGTON

THE IMPAIRMENT of the U.S. ability to monitor Soviet missile tests and development, caused by the recent loss of U.S. intelligence bases in Iran, will take five years to make good.

This estimate, attributed by the New York Times to Admiral Stansfield Turner, director of Central Intelligence, in secret testimony to a Senate Committee last week, could result in the U.S. not being fully able to check Soviet compliance with the SALT 2 treaty until 1984, a year before the treaty is due to expire.

It also runs counter to recent claims by Mr. Harold Brown, the Defence Secretary, and Mr. Zbigniew Brzezinski, the President's National Security Adviser, that the SALT 2 treaty so far negotiated by the U.S. with the Kremlin is "fully verifiable."

They have argued that the U.S. still has adequate means,

with satellite observation, to detect Soviet violations of the treaty in time to take effective counter-action. In the absence of a definitive SALT agreement—and President Carter last week refused to make any public prediction of when such an agreement might be concluded—the public debate among Senators and other interested parties has centred on "verification."

The loss of the intelligence and radar tracking stations in Iran, shut down by the orders of the Ayatollah Khomeini, has been minimised by most Administration officials. But Admiral Turner has been noticeably more wary than other top Administration officials in putting his weight behind the proposed SALT nuclear arms agreement. This may be due in part to recent Press criticism, taking the intelligence director to task for allegedly tailoring his agency's information to support the Administration.

To some extent, U.S. bases in Turkey could provide a substitute window and listening post on Russian missile develop-

ments. Under the proposed SALT 2 treaty, both super-powers are limited as to what new types of missile they can develop and deploy.

Speaking publicly to reporters last week, Admiral Turner said it was imperative to keep secret the details of U.S. monitoring, so that the Russians could not counter them. This was an apparent reference to recent Administration news leaks that the U.S. intended to use an updated version of the U-2 spy aircraft to monitor SALT agreements.

Admiral Turner has been noticeably more wary than other top Administration officials in putting his weight behind the proposed SALT nuclear arms agreement. This may be due in part to recent Press criticism, taking the intelligence director to task for allegedly tailoring his agency's information to support the Administration.

Supreme Court to rule on Kissinger records

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE SUPREME Court has agreed to rule, probably next year, on whether the records kept in the White House and the State Department by Dr. Henry Kissinger are public or private property.

The ruling, when it comes, will be of a significance even more wide-ranging than the contents of the notes and tapes kept by the former Secretary of State and National Security Adviser under Presidents Nixon and Ford.

It will, in effect, determine if such records, commonly maintained by senior government officials, are subject to the access demanded by the Freedom of Information Act, use of which has led to the publication of a wealth of previously confidential material.

So far, Dr. Kissinger has lost two lower court cases concerning his handling of his private records—which he transferred three years ago to the Rocke-

efeller family vaults in New York for safe-keeping.

Throughout his eight years in Government, Dr. Kissinger made a habit of recording telephone conversations, using government secretaries to transcribe and annotate the results for his personal filing system.

There is, of course, always a fine line between what may be considered official and private conversations. By and large, the Carter Administration has cut back on the habit of monitoring telephone conversations, although the custom is now so ingrained in the U.S. Government mind that the problem has probably not gone away.

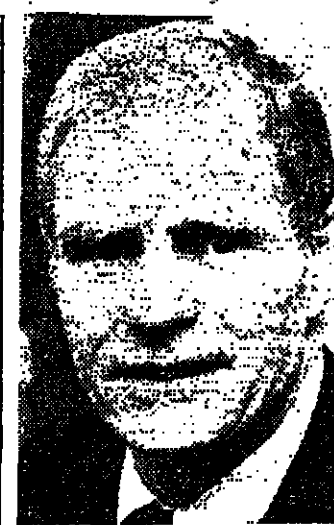
Interest in Dr. Kissinger's records is acute. One of the groups suing to have them made public acknowledges that they are "the most complete background on the development of American foreign policy."

There is some question, however, if they are completely



Dr. Henry Kissinger

faithful to what actually happened. Mr. William Safire, a former Nixon White House employee and now a New York Times columnist, has written that he witnessed Dr. Kissinger personally amending the transcripts to present his own role in a better light.



Governor Brendan Byrne of New Jersey

New Jersey mission to Europe

By Margaret Hughes

MR. BRENDAN BYRNE, Governor of New Jersey is leading a delegation of business and Government leaders who are visiting Europe in an effort to stimulate foreign investment in New Jersey. The 25-strong delegation leaves London today after a two day stay for West Germany and Switzerland.

Governor Byrne told the Financial Times that this is the first mission of its kind and reflects the close working relationship which has developed between the public and private sectors in New Jersey. He emphasised that New Jersey is well established as a U.S. base for foreign companies—some 430 are already operating there.

Governor Byrne said that the main advantages which New Jersey offers foreign companies, at a time of rising transportation costs is its location which provides cheap and easy access to the main U.S. markets. Skilled and semi-skilled labour was also readily available, labour relations were good, wages were around the national average while productivity, he claimed, was slightly higher. Governor Byrne also cited land availability, relatively low rates of taxation and a stable tax system together with financial incentives which the state offered new investors.

Iran road building to resume

By Simon Henderson in Zahedan

SOME WORK is expected to resume on May 1 on the two major road projects being built by foreign contractors in this remote, sparsely populated, south eastern corner of Iran, according to Dr. Darioush Naroui, the Governor-General of the province of Baluchistan and Sistan.

The projects by Marples Ridgeway, part of the Portland group, and the Greek company, Scapaneus, have been suspended since the end of last year when supplies of fuel oil and materials ran out during anti-Shah strikes. Since then both firms have repaired many of their essential staff and closed their Tehran work camps.

Dr. Naroui, in an interview with the Financial Times, said money for the projects had been partly given by the central government and it had promised to help as it could.

Since the suspension of work several thousand Baluchi labourers have been made unemployed with consequent strain on the economy. The companies are believed to be planning for a partial return to work until payments are fully guaranteed.

Scapaneus met government ministers in Tehran last week to negotiate details and Marples Ridgeway is expected to have a similar meeting soon. Both projects are about 70 per cent complete and require between 12 and 18 months more work.

The only problem according to Dr. Naroui, will be the question of work permits for foreigners, not considered experts. Both companies had employed several hundred Pakistanis as engineers and machine operators but new regulations to stop foreigners working in Iran may mean these work permits will be cancelled.

Japan emphasises large GATT tariff reductions

BY GILES MERRITT IN BRUSSELS

IN AN official statement released in Brussels, the Japanese Government has set out what it believes to have been its contribution toward last week's conclusion in substance of the GATT world trade negotiations in Geneva. But the Japanese document is also clearly intended as a riposte to the controversial report on EEC-Japan trade prepared recently by the European Commission.

The Commission report discussed the possibility of imposing retaliatory duties on selected Japanese exports if Japan failed to take steps in the coming months to reduce its trade surplus with the Nine. It made clear that Japan's concessions during the GATT negotiations were considered unsatisfactory, and would need to be followed by further measures in the next few months.

Through its mission to the European Communities, the Japanese Government has now underlined the GATT concessions it has made. The Japanese statement notes that Japan's average rate of tariff cuts for industrial products reached almost 50 per cent, compared to

the U.S. rate of 30 per cent and the Common Market average of 25 per cent. In terms of EEC-Japan trade, it says, Japan has agreed tariff cuts that are two and a half times as much as the EEC rate of 20 per cent with regard to Japan.

The Japanese paper points out that after implementation of the agreed tariff reductions,

Japan's tariff rate will be one of the lowest in the world, and emphasises that significant tariff reductions have been offered for such items as passenger cars, cut diamonds and colour films. The document describes Japan as "one of the most positive and forward-looking" among the countries participating in the GATT talks.

Congress review date set

BY BRIJ KHANDARIA

THE U.S. Government intends to place the results of the Tokyo Round trade negotiations before Congress for legislative approval on May 1 and expects that public hearings will begin the week starting April 23.

Mr. Alonzo MacDonald, the chief U.S. trade negotiator in Geneva said here the Administration wants to obtain Congressional approval before the August recess, if possible, and certainly no later than the October recess.

Congress will have a total of 90 working days starting May 1 to debate the package. The Trade Act, which

authorised the U.S. Administration to enter the Tokyo Round negotiations, expires on January 4, 1980, well before the resumption of Congress for the winter session.

Meanwhile Delegations from countries that participated in the Tokyo Round have begun initiating a text deposited with the headquarters of the General Agreement on Tariffs and Trade (GATT).

Only 14 delegations, including the U.S. and the European community, signed the text at last Thursday's signature ceremony.

BL to run its U.S. distribution

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

BL HAS told its four remaining distributors in the U.S. that it will take total control of the distribution arrangements for its cars as part of major changes it is making in the U.S.

Among the distributors whose contracts will not be renewed when they run out in March, 1980, is a company owned by Mr. Kjell Qvale, the American who once owned the now-defunct Jensen car company in the U.K.

Currently BL splits the U.S. market into eight regional zones and handles its own distribution in half of them.

The changes mean that from early in 1980 the company will collect all the distributorship profit instead of sharing it with local companies. All the distributors will be encouraged to continue as dealers.

The name of BL's American

sales company has also been changed from British Leyland Motors Inc. to Jaguar Rover Triumph Inc.

Mr. Pratt Thompson, chairman of JRT, commented: "North America is our biggest export market, taking about 25 per cent of the output of our UK factories. I believe the new company names will give Jaguar Rover Triumph a stronger presence in the U.S. and Canada and provide a logical link with the products we sell there."

He promises "aggressive marketing" in North America this year.

It will include the American launch of the Series III Jaguar saloons and the convertible TR7, both to go on the market shortly.

The introduction of the V8-engined TR7 will follow later in the year and towards

the end of 1979 the Rover 3500 saloon will go on sale.

The shortage of TR7's last year because of the switch in production from the Speke plant cut total Triumph sales in the U.S. from 28,704 in 1977 to 16,358 last year. MG sales also dropped from 34,171 to 26,469. But Jaguar registrations rose from 4,297 to 4,763.

Another UK group, Lotus Cars, has set up its own subsidiary in the U.S. to import and distribute its products there. The new company, Lotus North America Inc., is based in Los Angeles where the group sells 40 per cent of its American volume—which totalled 1,000 cars over the years 1977 and 1978.

This is the first time Lotus has been in a position to undertake a direct factory, dealer and consumer relationship outside the UK.

Talks on new car for India

BY OUR OWN CORRESPONDENT

BL IS negotiating with India's largest auto-producer, Hindustan Motors, to upgrade its outdated, inefficient model line. Auto industry officials are, however, declining to comment on the substance of the negotiations.

The last time Hindustan Motors linked up with a foreign concern was with the UK's BMC in 1954, when it adopted the Morris Oxford, the same model being produced today.

The idea is to get a lighter, cheaper, and more Westernized package, with much improved fuel economies, for the petrol consumed by Indian cars is twice that consumed by some of the cars produced abroad. The company also wants to

replace its current high use of heavy steel auto parts.

The highly protected Indian automobile market is blamed for the lack of incentive to modernise, and industry observers claim that the move towards foreign collaboration would have come much earlier if Mr. Sanjay Gandhi, son of Mrs. Indira Gandhi, had not promised in the early 1970s to give India a Rs 10,500 (£225) economy car, with all parts produced indigenously.

Although his plans called for 200 cars to be on the road by 1972, a production increase to 1,000 the following year and 200 units per day by 1975, the operation came to naught. Only about 12 to 15 models were

reportedly completed and the model failed its performance tests.

Since then the government has criticised the three major auto producers—Hindustan Motors of Calcutta, Premier Automobiles of Bombay and Standard Motors of Madras—for defective parts, high prices (average cost is Rs 45,000 (£2,677)), inefficiency and exploitation of a protectionist situation.

Even though the principle of tie-ups between the Indian auto makers and some foreign groups has been accepted, observers feel that implementation of any participatory deal is likely to take a long time.

Anti-Somoza forces grow

BY DAVID TONGE

THE PRESIDENTIAL compound in Managua is known colloquially as "The Bunker"—and as President Anastasio Somoza returned yesterday from a week's holiday in Miami, the term seemed more appropriate than ever.

Over the weekend his forces had recaptured the northern town of Esteli from a band of Sandinista guerrillas. But the guerrillas' operations had been merely a minor move and revealed nothing of continuing potential for causing trouble. Further in Managua itself the regime faces increasingly serious protests from the business community.

Since last September's civil war both the Sandinistas and the National Guard have increased their strengths. The Sandinistas no longer rely only on small pistols and home-made bombs. Their arsenal now includes automatic rifles and anti-tank weapons.

They have also developed a greater degree of unity, with the three main groups—the politically-moderate Tertiary Group, the Marxist Prolonged Popular War and the Proletarian Faction—agreeing last month on a unified strategy.

Other factors working in the Sandinistas' favour include urban unemployment of over 40 per cent, the breakdown in January of the moderate Broad Opposition Front's attempts to obtain the resignation of the President, and the continuing brutality of the National Guard. In January, according to one

human rights committee, 275 opponents of the regime were shot. And at Esteli the National Guard reportedly showed the same summary methods as had attracted international criticism last autumn.

However, abroad the Sandinistas are finding less support than before. The new Venezuelan President, Sr. Carlos Andres Perez, is less active in their favour than was his predecessor, while the Costa Rican authorities have sought to clear the Sandinistas from their sanctuaries close to the country's border with Nicaragua.

The US too appears to have lost some of its earlier enthusiasm for causing change in Managua. Its efforts to mediate between Sr. Somoza and the Broad Opposition Front broke down in January.

In the past few months his 27-year-old son, Sr. Anastasio Somoza, recently promoted to a Lieutenant Colonel, has built up the National Guard from 7,500 to 12,000 men. A U.S. arms ban has caused few problems since the regime has turned to Spain, Argentina and Israel.

However, perturbing this front, the economic one is also a serious cause for concern. On a popular level there has been concern at the 40 per cent increase in prices in supermarkets following last week's 22.2 per cent devaluation of the cordoba against the dollar.

President Somoza has just told the weekly Latin America Economic Report (LAER) that

though agricultural exports have been satisfactory elsewhere, the economy is in crisis, and the country appears unable fully to service its public and private foreign debt estimated at \$1.8bn by LAER.

Imports are reported to be falling off because of the foreign exchange shortage. But some of the regime's harshest critics are to be found in the local business community.

Last autumn's sharp, if temporary, drop in tax receipts led the Government to start what some newspapers have called a tax war.

This has included introducing a measure that importers must pay a deposit in dollars equivalent to 100 per cent of the cif value of goods they wish to import. There has also been the re-evaluation of all tax paid by industrialists and traders.

In March President Somoza warned private enterprise that if it did not invest the Government "will be forced to redistribute its income through taxes, special laws, etc." Leading businessmen have long been publicly criticising the Government for "promoting" political uncertainty and the Chamber of Commerce has just repeated demands for democracy.

On March 2 President Somoza proposed some reforms, including that of the judiciary. But his opponents are not convinced. As one leading industrialist is quoted as describing the situation: "The problem is the man. He is taking over our markets. We have no quarrel with anyone



Gen. Anastasio Somoza

else or with the system. Just get rid of him!"

This argument reflects the weariness of the private sector at having to compete in business with the monopolies and trading power which the Somoza dynasty has built up during its 46 years running Nicaragua.

The President's family holdings are reported to include 20,000 square kilometres of land, ten food processing companies, 34 manufacturing and distribution companies, the national airlines, shipping and port facilities, two radio stations and a television channel, a bank and three financial institutions.

As for the economic crisis LAER says that of the \$233m of capital which official figures show as leaving the country last year, only about \$100m was sent by the private sector. The rest, it believes, was straight capital outflows and arms purchases by interests connected with the Somoza family.

INDIAN CONSTRUCTION INDUSTRY

Mideast contracts lead way

BY K. K. SHARMA IN NEW DELHI

IN WHAT is being seen as something of a landmark accomplishment, India's International Airport and Development Corporation has recently completed construction of a \$47.5m (£23m) airport at Ghat in Libya, marking the first-ever completion of a major Indian construction project in an oil-rich Arab country.

Nevertheless, the Ghat project is only one of many such efforts the increasingly competitive Indian building construction industry has totted up in the Middle East in the past three years.

The business drive is being led by such giants as Engineering Projects India, the National Buildings and Construction Corporation, the Indian Road Construction Corporation and Kamany Engineering Corporation.

In all, Indian companies have won an impressive

\$1.2bn in construction contracts in the Middle East in the past three years. And there is considerable optimism for the future in view of the sharply rising business curve, which has shown contracts rising from \$91.9m before 1977 to \$384.4m in 1977 then to \$741.6m in 1978.

The success rate has been such that the industry now claims to have surpassed South Korea as a major competitor, and is now second only to Japan.

In addition to Ghat airport, Indian companies have also undertaken a wide range of building projects in Libya. These include construction of another airport at Brak, the building of roads, townships and hospitals and the installation of transmission lines and sewage and drainage works throughout the North African country.

In Kuwait, EPI has won

a \$287.5m contract to build a complete township and a military camp.

In Iraq, Indian companies are building the Najaf-Kufa sewage system, the Baghdad University, a 100-kilometre stretch of road and a 327-metre bridge and a fibreboard factory.

The Bombay company of Shapoorji Pallonji is constructing a palace complex in Muscat, EPI the civil works at the Rawls refinery in the United Arab Emirates, Indian Telephone Industries a 7,000-telephone network in Oman, and Consulting Engineering Services is providing consultancy services for large transportation and drainage projects in Yemen. In Saudi Arabia, B. G. Shirke is building an hotel and industrial complex.

Business has been less forthcoming in Saudi Arabia, with Indian concerns discover-

ing that major projects there are seldom advertised. In the hope of generating some business, the Association of Indian Engineering Industries has opened an office in Saudi Arabia to gather marketing intelligence and make bids on behalf of its members.

What Indian companies have found in Saudi Arabia is that there is an in-built preference for established Western firms, although this is becoming much less now that Asian companies have proven themselves.

One seeming anomaly is the fact that the Indians are finding little advantage in providing labour-intensive work because local unemployment in client countries is not perceived as a problem. As a consequence India has been able to export some of its own labour, to the extent that 75,000 nationals have found jobs in Saudi Arabia alone.

Wages by credit card studied

BY MICHAEL LAFFERTY

THE USE of a credit card to pay weekly wages is being considered by Barclays Bank.

Proposals have been discussed with several companies and these could become public within a year.

About 58 per cent of UK workers are paid weekly and nearly all receive their wages in cash, says Barclays.

Details of the Barclays plan are not known but one possibility is the use of a plastic card given to employees which could be used in a Barclays Bank cash dispensing machine.

Cash dispensers could also be installed in factories and other works premises. Such a scheme could mean savings for companies and might also improve security.

In his annual statement to shareholders, Mr. Anthony Tuke, Barclays chairman, drew attention to the costs and dangers of cash handling.

He said: "I hope, therefore, that we may be moving towards a system whereby wages are paid not in cash but through the banking system."

Mr. Tuke said many employers did not seem to appreciate fully the true cost of payment systems involving cash. He estimated the cost could be as much as £25 per employee per annum.

Other developments in Barclays existing credit card—the Barclaycard—are planned for later this year.

At present holders of Barclaybank cards (cash cards) can draw cash up to £50 a day from Barclaybank machines.

They can also use the cards

to order cheque books and statements. From next autumn, the use of the same machines will be extended to holders of the Barclaycard, who will be able to obtain immediate cash advances.

Under this scheme Barclaybank machines will be programmed to provide direct access to an individual's credit card account.

Barclaycards being issued and renewed now have a magnetic code strip designed for the new scheme.

IBM plans £20m Greenock expansion

By Ray Porman, Scottish Correspondent

IBM WANTS to expand its manufacturing plant at Greenock with a £20m new building to house a mechanised materials distribution system.

Plans have been lodged with Inverclyde district council, the local planning authority, for a 285,000 square feet factory. It would be built at the west end of the company's site at Spango Valley, and would increase the total factory area by more than one third.

The new system will speed the distribution of parts to the production lines, and free space within the main manufacturing building for further expansion of output.

IBM, which has been at Greenock for 25 years, has recently switched the plant to specialise in the manufacture of computer display terminals, particularly the 3270 information display system and the more advanced models in the same range.

Recent growth in demand for computers has brought a similar growth in output at Greenock, which exports about 90 per cent of its production.

Over the past two years the work force has been built up by 540 to 2,300.

Extra work needed by average wage earner to buy rail season

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A MARRIED MAN on average earnings has to work for much longer than in 1970 to afford a rail season ticket. If he misses his train, a telegram to his employer costs twice as much as nine years ago. But he can console himself with the thought that the price of a bottle of whisky requires half as many working hours as before.

This is indicated by earning capacity figures calculated by the Department of Employment and published as a Parliamentary written answer.

The figures measure how many minutes work is required to pay for various items by a married man with two children under 11 with average gross earnings for a full-time manual job and who receives child benefits.

The estimates were made in October 1970, 1974 and 1978, and thus show very roughly what has happened to prices under the last Conservative and the present Labour Government.

The figures show that the average family man does not have to work very much harder to earn enough to pay for the essentials of life.

Fish, cheese, bacon, butter, meat and coal all require more working hours than in 1970 but potatoes, tea, milk, eggs, cigarettes and petrol have become

relatively cheaper by this yardstick.

The amount of working time required to pay for a weekly Surbiton-to-Waterloo season ticket has risen by a fifth since 1970.

The most startling change is in the amount of work needed to pay for a bottle of whisky—in 1970 it was nearly six hours, but it is now down to less than three hours. This largely reflects changes in the duty levied by Government. But the relative cost of beer has hardly changed.

Housing costs have changed dramatically. Between 1970 and 1974 the working hours required to pay the weekly rent on a council house fell by 14 per cent, and have since dropped by 11 per cent.

Mortgage repayments, however, increased by 44 per cent during the mainly Conservative period, and since 1974 have fallen by more than 16 per cent. This reflects not only the house price explosion of the early 1970s but also fluctuations in interest rates.

Wholesale grocers warned

FINANCIAL TIMES REPORTER

GROCERY WHOLESALERS were warned yesterday that they must increase their efficiency and profit margins or risk being forced out of business.

Mr. Dick Moore, UK sales manager of UCCL Microsystems, a Unilever company, said that many wholesalers were operating on a net profit of less than 1 per cent of sales turnover, down from nearly 2 per cent in the early 1970s.

"Even return on capital, very respectable at 25 per cent

in 1974, is no more than 15 per cent today and declining. Squeezed as they are between prices dictated by manufacturers and those determined by major multiples, wholesalers must apply technological aids to optimise margins."

Only a handful of members of the National Federation of Wholesale Grocers were taking advantage of portable data capture terminals made possible by developments in microprocessors. They were the key to effective stock recording.

Car makers buy run-flat tyre

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

DUNLOP announces today two major developments for its Denovo run-flat tyre. An advanced version, to be called the Denovo 2, has been introduced and it will be used by foreign as well as UK car manufacturers.

BL's Rover saloon range will be the first to have the Denovo 2 later this year. French, Italian and Japanese manufacturers will have the new product on some cars.

Dunlop is to extend its marketing activities for Denovo to France and Italy to give full service support, which suggests that car makers there will be promoting the tyres in their domestic markets.

In all, test units are on order

for 27 different models of car from every major vehicle manufacturer in Europe, the U.S. and Japan.

Dunlop maintains that its new Denovo eventually will eliminate the spare wheel from new cars. The spare will be as out-dated as the starting handle is today.

So far only BL and, to a lesser extent, Fiat of Italy have offered Denovo 1. Yet now Dunlop estimates that the number of cars using Denovo will double to 100,000 in 12 months.

The volume is relatively small and would represent only 7 to 8 per cent of the car and van tyres the group produces each year in Britain, so the introduction of Denovo 2 will

will have no short-term effect on Dunlop's need to cut production capacity in the UK.

The Denovo 2 system involves a single-piece wheel system incorporating three components instead of the previous two-piece wheel with 30 components.

It employs the Dunlop-developed Denloc system for preventing a deflated tyre being dislodged from the wheel and also a new run-flat lubricant, Polykel, to replace the original system of wire harness and dispensers fitted inside the wheel.

Dunlop claims that the package offers vehicle designers

weight reduction, more passenger and luggage space, room for bigger brakes, overall cost reductions compared with Denovo 1, automatic assembly, simplicity in service and all the properties of low-profile radial tyres—including a life of around 35,000 miles.

However, the Denovo 2 remains more expensive than the conventional radial plus wheel package. And it cannot be fitted to a conventional car wheel. Any motorist wanting to substitute Denovo 2 must buy four tyres and the wheels to go with them.

Romanian imports challenge Land-Rover in UK

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ROMANIAN four-wheel-drive cross-country vehicles are the latest imports to challenge Land-Rover's domination of the UK market.

ARO Rangers will begin arriving in May. The importers, Tudor Vehicle Imports, expects to sell about 3,250 a year.

It will also bring in Romanian commercial vehicles with an option of four-wheel-drive and either petrol or diesel engine. It aims to sell 600 in the first year.

The ARO cross-country vehicles, which compete directly with the Land-Rover, were imported by another company five years ago but the venture failed. Mr. Eric Sykes, managing director of Tudor, maintains the time is now ripe for a re-launch.

He said the UK market for four-wheel-drive vehicles should jump from the 7,500 sold last year to about 11,000 in 1979, and continue to rise.

BL accounted for 6,500 of the vehicles sold in 1978 with its Land-Rovers and Range Rovers, and is unlikely to increase substantially the number it makes available to the UK.

However, the ARO faces competition from other relative newcomers. TKM Vehicle Services, a subsidiary of Towler Kemsley and Milbourn, the finance and trading group, is bringing in Jeeps and Japanese Daihatsu vehicles.

The Portuguese-made Portaro Pampas, which uses a Daihatsu engine and many components from the ARO company in Romania, has also just arrived in the UK, as have the

Japanese Suzuki "leisure" vehicles, which are much smaller than the Land-Rover.

And it will not be long before the "land car" jointly developed by Mercedes and Steyr-Daimler-Puch is offered to UK customers. A new Toyota four-wheel-drive vehicle is also promised before long.

The Lada Niva, from the Soviet Union, is due for UK launching in May. The importers say they have already had 1,400 "serious inquiries" but will be getting only 600 of the vehicles this year.

Tudor Imports, the company bringing in the Romanian vehicles, is a new concern which, says Mr. Sykes, is owned and financed by the directors and other private investors. It hopes to have about 65 dealers by the end of 1979.

Prices for the ARO Ranger will be roughly in line with those for comparable Land-Rover models.

The commercial vehicle range will offer a pick-up, a chassis-cab, a panel van, and a minibus, all carrying the Tudor label and sharing the same engines and drive-train as the ARO Ranger.

The engines are 2.5 litre ARO petrol or 2.1 litre Peugeot diesel which Tudor is buying in France and sending to Romania for building into vehicles destined for the UK.

Prices for the commercial vehicles which have four-wheel drive, will be about the same as others on the UK market without that capability. Customers who choose not to have four-wheel drive will pay about £600 less.

Exchange rates must be cut say brokers

BY OUR ECONOMICS STAFF

THE MAIN financial problem facing the new government is likely to be the conflict between maintaining exchange rate stability and keeping to sterling M3 money targets, say City brokers Phillips and Drew.

The firm says that the role of interest rates is complex and high rates guarantee neither exchange rate stability nor the containment of domestic monetary pressures.

The two main parties are likely to handle the potential conflict differently. Under Labour the present policy of co-ordinating exchange rate stability and money supply objectives is likely to continue—with volatile short-term interest rates movements persisting.

A Conservative government, however, is likely to set interest rates by reference to domestic monetary requirements and attempt to deal with potential

upward pressure on sterling through progressive relaxation of exchange controls.

"The implementation of this strategy would probably result in a reduction in the volatility of short-term interest rates compared with recent experience," says the firm.

In brokers' J. A. Scrimgeour's latest circular, Professor D. C. Rowan argues that if a Conservative government adopts a "strong" monetarist policy—denying the need for an incomes policy and anti-cyclical policy changes—unemployment is likely to rise.

Professor Rowan says: "I believe that a strong monetarist macro-economic stance will somewhat lower the rate of growth from what it would otherwise have been; and somewhat raise unemployment. Conceivably it might have additional costs in terms of labour attitudes."

Crash tanker leak puts constable in hospital

A POLICEMAN was detained in hospital yesterday after inhaling fumes from a chemical tanker split open in a road crash.

The accident happened on the A19 at the Black Swan crossroads near Yarm, Cleveland. Police sealed off the area and diverted traffic.

About 400 gallons of nitrobenzene leaked from the ICI tanker after it was in collision

with cars. Pollution experts from the Yorkshire Water Authority and an ICI emergency team went to the area.

PC Michael Cockerill was kept for observation in Friarage hospital, Northallerton.

An ICI spokesman said that nitrobenzene was not a particularly hazardous chemical, and there was no cause for alarm.

WHAT DID LOUIS PASTEUR SEE IN OUR BEER?



In September 1871, Louis Pasteur spent some time working at our brewery.

During his stay, this famous French scientist studied beer ferments and greatly assisted our research into better production.

In fact, Whitbread's own research and control laboratories may be said to owe their beginnings to

this distinguished visitor. It was at Pasteur's suggestion that our very first microscope (the one illustrated) was introduced to the brewery.

Today, of course, our laboratories are much more sophisticated.

But they're still busy ensuring that a pint of Whitbread is a pint of the best.

 **WHITBREAD**

UK NEWS

Drynamels spending £6m on expansion

By Arthur Smith, Midlands Correspondent

PLANS TO invest nearly £6m to double sales have been announced by TI Drynamels, Tube Investments' powder coatings and paint subsidiary.

The Birmingham-based company is seeking to expand its share of the growth markets for specialised industrial wet paint and for high protective coatings.

Powder coating, which is usually cheaper than conventional paint, is widely used in the automotive and domestic appliance industries.

Mr. Reg Stapleton, TI Drynamels' managing director, said the powder market, already worth up to £5m a year in the UK, was expected to grow by about 25 per cent per annum.

TI Drynamels already claims a quarter of the UK market and hopes, also, to expand export sales by concentrating on high-technology products.

More than £1m has been committed to the company's expansion in the current financial year. A new 25,000 square foot production and warehousing facility has been acquired.

The five-year development programme is expected to cost nearly £6m and to enable the labour force, at present 170, to be expanded, by 50 per cent.

Tax deposit rates lowered

By David Freud

INTEREST RATES for certificates of tax deposit are lowered from tomorrow.

The certificates, operated by the Inland Revenue, may be bought in advance for surrender in payment of all taxes except Pay As You Earn and tax deducted from payments to sub-contractors.

The interest rate falls from 12.5 to 11.75 per cent on new deposits accepted under the terms of the prospectus for certificates dated August 29, 1978, and applied in payment of tax.

The rate on deposits withdrawn for cash falls from 10 to 9.5 per cent. The bonus payable on deposits applied in payment of tax from more than six months remains at 1 per cent.

Cut-back firms may release excess space

BY COLLEEN TOOMEY

DUNLOP and Plessey Telecommunications, two leading manufacturers in Liverpool involved with labour and production cutbacks, may allocate excess space within their factory sites to several smaller companies.

If such a scheme gets off the ground it could mean new jobs in an area where unemployment is over 11 per cent.

Liverpool City Council put the idea to the companies. Both are believed to support it, and follow-up talks are planned—in Plessey's case towards the end of this month.

"For some time the council has been faced with the anomaly of large companies reducing production capacity and labour and an enormous pressure to develop new sites for factories," a council spokesman said yesterday.

The council aims to put together a package which would involve marketing possibly by the council and preparing the sites for new companies.

Up to £10m can be spent on regenerating new industry this year through funds allocated by the council and the Department of the Environment. A further

sum would be available for the scheme through the council.

Demand has far outstripped Liverpool's available sites for factories. In the past year the council has received inquiries for 24m square feet of factory space by smaller companies. A two-year programme operated by the council to let 200,000 square feet was completed after only six months, involving 60 factories.

Dunlop's Speke tyre factory, which employs 2,300, is due to close tomorrow. The Plessey Telecommunications plant at Edge Lane is to make 800 redundant.

Plessey Telecommunications at Edge Hill, which last year lost £3.5m and in the current year could lose nearly £8m, has cut its labour force by one-fifth and production space by half.

It is that space, plus under-utilised areas of Plessey's 40-acre site, which the council suggests could be broken into smaller units for small companies. They could then also use Plessey's car park, security and canteen facilities, with the company operating as an "umbrella organisation."

Speke shutdown, Page 7

Unilever company opens £14m factory in Fife

BY RAY PERMAN, SCOTTISH CORRESPONDENT

NAIRN FLOORS, Unilever's vinyl floor-covering subsidiary, yesterday opened a £14m factory in Kirkcaldy, Fife, and is to invest a further £4m over the next year in a new glass fibre process.

The new plant will employ 250 people when it is in full production, and will have an annual capacity of 20m sq metres of finished floor covering.

It will produce vinyl in 4-metre widths—the widest made by Nairn's other factories. The larger size is becoming popular in Europe because it can cover most rooms without joints. It also saves waste and labour costs during manufacture.

The glass-fibre process should be in production by spring next year. It will provide a stronger base for vinyl floor covering, and will be more resistant to cracking than asbestos.

Sir David Orr, chairman of

Unilever, opened the factory. He said that Nairn held 40 per cent of the UK market for cushioned vinyls, and exported half its output to 100 countries.

Too many British companies regarded exporting as something to fall back on during periods of slack demand. This attitude had led industry to rely too heavily on low price to win overseas orders.

Cheapness could not make up for poor design, poor quality or late delivery. Before export performance could be improved, many companies would have to ask themselves whether they had the right product for the market.

Miners' record

THE 1,000 miners at Ollerton Colliery, near Worksop, Notts, have produced 27,027 tonnes of coal in a week to smash the pit's record set in June 1971.

London Transport faces problems on bus fleet

BY LYNTON McLAIN

LONDON TRANSPORT has run into problems with its plan to re-equip its bus fleet with the new double-deck Leyland Titan and the Metrobus from Metropolitan Cammell Weymann.

The first Titan was delivered last autumn as part of a £17m re-equipment programme. But production difficulties at Leyland and Metropolitan have slowed deliveries and London Transport has had to accept single-deck Leyland National buses as a stop gap measure.

The problem could not have come at a worse time, as London Transport has 400 buses off the road because of a shortage of spare parts. The spares are needed for London Transport's first generation of rear-engined buses, the Daimler Fleetline and the Metropolitan.

London Transport said the buses were not designed specifically for London and have only half the engine life

of the purpose-built Routemaster. London's standard open-platform bus.

The Metropolitan has to be serviced, on average once every 1,400 miles, compared with the service interval of 4,000 miles for the Routemaster. The Daimler Fleetline needs servicing once every 3,000 miles.

London Transport is "scouring the country for spares" and has given its engineering managers freedom to buy spares wherever they can be found. New procedures for bus overhauls are also to be introduced, with the emphasis on interim servicing rather than the time-consuming complete overhaul.

The last RT bus, the open-platform bus which preceded the Routemaster, finished its active service earlier this month after nearly 30 years in service. The Daimler Fleetline could manage only 15 years, London Transport said.

NEWS ANALYSIS — PRESTCOLD'S SCOTTISH FACTORIES

Varley's strategy to delay closure

BY RICHARD LAMBERT

EUROPEAN CAPACITY for the production of compressors for domestic fridges and freezers totals about 20m units a year. Demand is running at about 13m units a year.

In a couple of sentences, that is why Prestcold—which is one of Europe's smallest and weakest manufacturers of this equipment—says there is no alternative to closure for its two Scottish factories. This decision—and the Government's reaction to it—has provoked a political row.

Mr. Eric Varley, the Industry Secretary, intends to direct the National Enterprise Board to negotiate the purchase of the whole of Prestcold Holdings from its parent company, BL. This direction, which seems to be against the wishes of the NEB, is intended to delay the closure of the factories that would otherwise have been announced last Thursday.

The Scottish factories accounted for some £18m of Prestcold's total sales of £61m in 1978. That year they lost \$800,000, and unless they are shut down losses this year are

expected to reach £11m to £12m. The two factories employ 900 out of Prestcold's total workforce of 3,500.

Prestcold acquired the business in the late 1960s, and in terms of product and location it is still quite separate from the rest of the group.

Other activities include air conditioning equipment, with annual sales of about £10m, and compressors for industrial and commercial refrigeration equipment which are made in the South of England. The main Reading factory has sales of about £18m a year. In addition, Prestcold has sizeable refrigeration contracting and wholesale interests.

Prestcold claims to supply about two-fifths of the total European market for industrial and commercial type refrigeration compressors. But its position in the market for equipment for refrigerators, which accounts for almost all its Scottish output, is very much weaker. It has about 5 per cent of the European market.

The Scottish factories produce

about 800,000 or 900,000 units a year. Europe's biggest manufacturer, Danfoss of Germany, has recently installed a single line capable of producing 14m units a year. Other strong competitors are based in France and Italy, and imports come in too from the Eastern bloc countries.

In the past couple of years, Japan—which has an estimated annual capacity of some 10m units—has apparently started to export to the UK via Singapore.

The result has been serious competition on prices. Prestcold was told that to win one order recently it would have to quote £16.50 a unit—a price that would have brought it a loss of some £2 a unit.

The Scottish business has other problems. It is effectively debarricaded from the U.S., the world's largest market, by licensing agreements. Some two-fifths of its output goes to a single customer, a subsidiary of Thorn. And, starved of new investment, its product range is getting increasingly long in the tooth.

A recent study concluded that

working days lost through industrial action is similar to that throughout the country but Newcastle has a "considerably better record" than that of comparable areas such as Merseyside, Clydeside and Coventry.

On labour turnover, it is accepted that workers in high-unemployment areas are more likely to leave their jobs voluntarily than those in better off parts of the country.

Although the percentage of job changing is about the national average "involuntary" job changing is greater due to the higher redundancy rate. It has experienced in recent years. Voluntary job changing is below the national average.

Labour Resources in Newcastle. Obtainable from the Management Services Department, City of Newcastle upon Tyne, Civic Centre, Newcastle.

Police seeking ripper ask employers to help

POLICE HUNTING the so-called Yorkshire Ripper who has killed 11 women in and around West Yorkshire in the past 4½ years, yesterday appealed to firms which have business connections with the North East to check their staff records.

Mr. George Oldfield, Assistant Chief Constable, who is leading the inquiry, said: "I would like the managements of firms engaged in machine tool manufacture, engineering, including electrical and marine engineering, plan and machinery maintenance or similar trades to examine their records and let me know whether they have business connections with the North East."

"Also, whether any of their employees—skilled, semi-skilled or unskilled—were engaged on work in the North East or Tyneside area on any of the following dates: March 7 or 8, 1978, March 12 or 13, 1978, March 22 or 23, 1979."

"I would like firms in the North East, including Tyneside, to let me know whether employees from firms in Yorkshire were engaged on maintenance, repair or installation work on their premises on any of those dates."

It would also be helpful for him to be told by employers in Yorkshire who are engaged in the engineering field in its broadest terms details of employees who were off work on those days.

Any information should be sent in confidence to Mr. Oldfield at Harrison Road Police Station, Halifax, West Yorkshire (Halifax 64421 to 64424).

Mr. Oldfield said that inquiries made into the series of murders had given him "a considered impression" of the man he is seeking.

"I believe him to be white, between 30 and 55, average to above average height, an artisan or manual worker, skilled or semi-skilled, with engineering or mechanical connections—possibly a skilled machine tool fitter, electrical or maintenance engineer."

"I believe he lives or works in West Yorkshire or in close proximity to that area. In all probability he lives alone or with aged parent or parents and has some connections with the North East."

With law and order developing as a general election issue, Mr. James Jardine, chairman of the Police Federation, said yesterday that the number of

violent crimes committed in England and Wales last year was the highest on record.

"It is true that the total of all crimes fell by 3 per cent but it was still over 2,500,000, the second highest figure."

There was a 6 per cent increase in violent crime. Assaults went up from 82,000 to 87,000, and sexual offences from 21,000 to 22,000. This was the first increase in sexual offences for five years.

Mr. Jardine commented: "The growth of violent crime is the most dangerous trend. We want to see much firmer action by Parliament and the courts to punish violence and protect the citizen."

Survey seeks support for tax free commuting

BY LYNTON McLAIN

TAX FREE travel to work is an option to be put to commuters tomorrow in a survey by the City of Westminster. Rail and underground line passengers in London, Glasgow, Manchester, Birmingham and Cardiff will be asked for their views on the desirability of tax relief on commuter fares.

The move is part of a national survey to be undertaken by the Chamber of Commerce in support of the principle that tax relief should be introduced. A working party has been set up under the chairmanship of Mr. Robert Stevens, a vice-chairman of the Westminster Chamber, who said yesterday that the thousands of job vacancies in London and other city centres existed because the unemployed outside cities could not afford to travel in.

The report of the working party will be put to the incoming government for consideration.

Financial Times Jordan survey next month

A COMPREHENSIVE survey on Jordan is to be published in the Financial Times on May 25.

There will be articles on the economy, foreign policy and defence, banking and on industry and the exploitation of mineral resources.

Other topics to be covered include agriculture and the progress of the Jordan Valley project, regional business centres, manpower and tourism.

The Scottish Office has been aware of the problem for several months, and earlier this year the Scottish Development Agency commissioned a private study on the Glasgow operation. That was apparently enough to convince the agency to leave this hot potato to the National Enterprise Board, which already owns the business, anyway through its majority holding in BL.

The next step presumably will come with the Minister's formal direction to the NEB. But unless BL and the agencies involved have got their numbers badly wrong, or unless the Government is prepared to inject substantial sums of high risk capital, the two Scottish factories seem to have almost no hope for long-term survival.

Review

At the beginning of this year, BL and the National Enterprise Board undertook a review of Prestcold's overall operations. It was announced in sonorous tones that "investigations are in hand to determine the suitability of alternative owner-

Royal Mint coin sales abroad halved

By David Freud

SALES of Royal Mint coins abroad more than halved in the 1977-78 financial year after the exceptional results of the previous 12 months, the 1978 annual report shows.

Sales abroad fell from £53m in the 1976-77 financial year to £24m in 1977-78.

However, 1976-77 was an unusual year because many Commonwealth countries bought gold and silver coins to commemorate the Queen's Silver Jubilee. This raised the value of sales, even though the volume was about 500m below the level of the subsequent year.

UK sales rose from £12m to £21m in 1977-78, and overall profit was £4.7m compared with £7.8m in the previous year.

The Mint said production capacity continues to be concentrated on circulating coin and "we are actively developing new markets in addition to maintaining satisfactory relationships with our traditional customers."

Some real ales 'too expensive'

By David Churchill, Consumer Affairs Correspondent

THE BOOM in demand for "real ale" during the 1970s, has led some public houses, mainly in London and the south-east, to push up beer prices, it was claimed yesterday by the Campaign for Real Ale.

In CAMRA's survey, its latest edition of the Good Beer Guide, that "some unscrupulous publicans have jumped on the real ale bandwagon and are charging grossly inflated prices."

"Equally disturbing is the way weak beers are being priced up," says Mr. Roger Prott, the guide's editor, yesterday. "Prices often bear no relation to the strengths of them."

Although the guide was primarily concerned with the quality of beers, it had been decided this year to drop a number of London pubs because of the "extortionate prices they charged."

A special tour of London pubs by CAMRA members in recent weeks found a wide price differential for the same beer in different pubs. A pub in the SW1 district, for example, sold Riddle's County Beer for 51p a pint while a house in NW1 sold it for 42p.

Fuller's London Pride ranged from 35p in a pub in W14 to 44p in High Holborn.

Mr. Prott added that after the general election "the Department of Prices should take steps to protect the drinker from this pub rip-off and at least attempt to correlate beer prices with strength."

The guide found that the best value-for-money pubs in the Greater London area were Bass Charrington managed houses, where draught Bass could be bought for as little as 33p a pint and usually for not more than 37 or 38p.

Rise of 2.4% in building materials sales

By Andrew Taylor

UK SALES of building materials increased by 2.4 per cent in February 1979, according to figures from the Builders Merchants Federation.

The increase follows a 1.2 per cent fall in building materials sales in January. In the 12 months to February 28, sales increased by 0.2 per cent.

Mr. Reg Williams, the Federation's director, says that the sales increase has been achieved in spite of adverse weather conditions which severely depressed the building industry. Builders' merchants have managed to maintain healthy trading patterns in most regions, he says.

The Federation's figures include sales for new construction, improvements, repairs, maintenance and other building activities.

The figures show increases in sales in all regions except the Midlands where there was a 6.7 per cent fall and the North West where there was a fall of 7 per cent.

Mr. Williams says that the March figures may prove more interesting "as the changed weather pattern towards the end of the month could well be reflected."

Finnish prospects surveyed

THE FINANCIAL TIMES will carry a survey on Finland on June 19, with a detailed study of the economy evaluating both the present position and the long term prospects.

There will be reports on foreign policy, trade, banking, energy and the co-operative movement. Other articles will cover forestry, engineering, shipbuilding, construction, the manufacture of pulp and paper machinery and the exporting of metal processing techniques.

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مكتبة النجف

Arbitration likely on teachers' pay

By MICHAEL DIXON, EDUCATION CORRESPONDENT

AN ARBITRATION ruling by the independent chairman of the Burnham pay-negotiating committee next Tuesday could forestall disruptive action planned for next term by unions representing 370,000 school teachers in England and Wales.

Mr. J. S. W. Wordie has power to invoke statutory arbitration if he decides that talks between the unions and the education authorities' panels of the committee have broken down.

Such a decision seems likely, with both the 258,000-member National Union of Teachers and the 112,000-member National Association of Schoolmasters and Union of Women Teachers strongly opposed to the authorities' offer of 9 per cent back-dated to April 1, plus reference to the Pay Comparability Commission.

The National Union of Teachers' conference at Scarborough has committed itself to a virtually immediate withdrawal of goodwill unless the authorities improve their offer in three ways.

The union wants more cash from April 1, an instruction to the comparability commission not to consider any changes in teachers' working conditions since the Houghton-Committee inquiry in 1974, and payment of any award by the commission earlier than the education authorities' proposed 90-50 payments in the April of 1980 and 1981.

An NUT spokesman said yesterday that unless the improvements were offered—which seems unlikely in advance of the general and local authority elections—the union would see no point in continuing to negotiate.

Since the NUT has an absolute majority on the unions' panel of Burnham, breakdown at Tuesday's meeting and arbitration seem the probable course, thus forestalling the union's action which could not begin until April 26.

Arbitration would almost certainly also forestall the more severe action to be proposed today at the conference in Eastbourne of the National Association of Schoolmasters and Union of Women Teachers.

This second largest school-teachers' union proposes to instruct members to "work a five-hour day from 8.30 to 3.30" and to "boycott" the schools.

The main point behind the proposal is to secure arbitration on the 36.5 per cent claim, so a ruling to that end from Mr. Wordie would satisfy the smaller union's immediate demand.

Whatever happens to the pay claim, however, extended disruption in schools from September 1980 grew likely yesterday when the NUT conference decided to take action against local authorities which continue to have more than 30 pupils

in normal school classes, and more than 27 in reception classes for infants.

The action would include refusal by members to teach classes of above that size, and to refuse to stand in for absent colleagues in schools run by the local authorities concerned.

The NUT—which has so far allowed individual members to

decide about using corporal punishment—is also sending questionnaires to its 557 branches to test professional opinion on the use of the cane.

The Trades Union Congress recently called on the Secretary of Education and Science to take steps to abolish corporal punishment in schools, if necessary by legislation.

Swan Hunter suspends foremen over sanctions

ALL SWAN HUNTER'S 350 foremen at the company's Tyne-side yard have been suspended for refusing to work normally, it was disclosed yesterday.

The suspensions follow sanctions by the foremen, which last week resulted in some being suspended.

But yesterday, Swan Hunter said: "All the foremen are off pay. The matter is now with the Confederation of Shipbuilding and Engineering Unions and British Shipbuilders. Domestic procedures have been exhausted."

Swan Hunter said production was "very slightly" affected.

The foremen yesterday said they did not wish to be in conflict with Swan Hunter. "But because of a situation brought about by the Shipbuilding Negotiating Committee under the chairmanship of John Chal-

mers, we have no other alternative."

They say that Swan Hunter told them last November that they could not negotiate their pay claim because of an instruction from British Shipbuilders stating that no offers or settlements should be made until they had met the Shipbuilding Negotiating Committee.

The foremen say that at the Tynemouth delegate conference of the Boilermakers Society in January, chaired by Mr. Chalmers, general secretary of the union, they were promised their own conference to discuss their wages.

But the foremen decided on April 3 to impose sanctions after a meeting with Mr. Chalmers. They say he refused to accept their claim for an improvement on a nationally agreed deal which would have given them a 6 per cent rise.

Talks today on parity at BL

By Our Labour Staff

SENIOR SHOP stewards at BL are meeting today to discuss the company's decision to press ahead with immediate parity payments at plants where productivity justifies them.

Union officials have already warned that the decision to introduce parity on a plant-by-plant basis could destroy BL's national joint negotiating committee.

The unofficial BL United Craft Organisation is also meeting today to discuss the strike by more than 3,000 skilled workers which started last week.

Mr. Roy Fraser, the strike leader, will be hoping that craftsmen at plants which have not joined the strike will also stop work in support of the dispute over demands for pay parity and separate bargaining rights.

Shop stewards said yesterday that production of gear-boxes and engines at the company's Cardiff plant had been disrupted because of the craftsmen's strike and some of the machinery at the Cowley body plant was inoperable.

Management said some of the workers who had been on strike last week had returned to work at the Cowley body plant and production there was normal.

Civil servants to attack union support for political parties

By PHILIP BASSETT, LABOUR STAFF

TRADE UNION leaders' support for political parties will come under attack next month at the conference of the traditionally non-political Institution of Professional Civil Servants.

Mr. David Barnett, general secretary of the General and Municipal Workers' Union, will be single out for special criticism. He is spearheading the unions' campaign for the return of a Labour government, as chairman of the Trade Union Committee for Labour Victory.

The union, which represents 103,000 professional and scientific civil servants, and joined the TUC in 1976. Motions to be debated at the conference call for the TUC to "return to the position of non-alignment with any political party," and for its officers not to promote the interests of any one party.

A motion from the union's Ministry of Defence (Navy) Executive Technical Branch deprecates a speech at the 1978 TUC Congress "soliciting support for the Labour party."

The Congress passed a motion giving support for the return of a Labour Government with a working majority.

Another motion calls on the union to press the TUC for a secret ballot on strikes, and a cooling-off period of one month from the date of the formal "registration" of a dispute before a strike can start.

The union's own executive is also urged in a series of motions not to take strike action itself without a majority vote of its

entire membership in a secret ballot.

On pay, the union's executive accepts the need to reduce inflation, but opposes any policy of pay restraint which perpetuates anomalies, or does not apply equally and effectively to all workers.

The Civil and Public Services Association and the Society of Civil and Public Servants, which have led this year's civil service fight over pay, will consult their members next week on the Government's latest pay offer, which all eight civil service unions have agreed to recommend.

Both unions insisted yesterday, however, that selective strikes by members, which have

severely disrupted cash flow to the Government and to industry, would continue until results were known of the membership meetings.

The National Whitley Council Staff Side, which has been suspended over a split on pay between the unions—is likely to meet next week to discuss the offer and its own internal structure.

The deal gives 9 per cent from April 1 this year, with a further £1 a week for staff on salaries up to £4,795 per year; a further 5 per cent from August 1 this year; and the balance of rises due from the Pay Research Unit's comparability studies on January 1 next year.

TGWU view of Conservative rule

By PAULINE CLARK, LABOUR STAFF

THE TRANSPORT and General Workers' Union, Britain's biggest, has presented its 2m members and their families with a picture of higher unemployment and soaring prices, accompanied by a rigid wages policy, if the Conservatives win the General Election.

The union devotes almost every column in its journal, The Record, to campaigning for the Labour vote with claims that the Tory plan would be to reverse social policies and give away North Sea oil revenues in "a tax-cutting bonanza to corporations and the rich."

The Tories would "almost certainly bring in a rigid pay policy, especially in the public sector," says the union. And it adds that unions would find it even harder to fight for improved standards of living because of plans to weaken trade union power.

While conceding that unemployment is already "deplorable," it predicts that jobless figures would rocket under the Tories once they dispensed with the Manpower Services Commission and the National Enterprise Board.

Picketing to go on after Dunlop factory closes

By NICK GARNETT, LABOUR STAFF

SHOP STEWARDS at Dunlop's Speke plant on Merseyside accept that the factory will be shut tomorrow—but they will continue to picket the site.

Union convenors said they would also try to maintain the picketing of Dunlop products at some ports and airports, as well as disrupting supplies to other Dunlop factories in a bid to force the company to re-open Speke.

The unions, however, have failed in trying to persuade the company not to close down Speke with the loss of 2,400 jobs. Mr. Stan Pemberton, chairman of the Transport and General Workers' Union executive council will be one of those workers who loses his job.

Management will be reviewing today the position at the Fort Dunlop plant, Birmingham, where production has been affected by picketing.

The company said yesterday that if picketing persists, the guaranteed week there might have to be suspended.

The company has announced 500 redundancies at Fort Dunlop, together with 250 at Inchinnan, Glasgow as part of its rationalisation programme.

Shop stewards said yesterday that workers at Inchinnan were threatening strike action over their annual pay negotiations, from Monday when the plant is due to re-start after the Easter holidays.

Post Office strike halts issue of telephone bills

By PHILIP BASSETT, LABOUR STAFF

THE ISSUE of all Post Office telephone bills was halted yesterday when about 80 computer operators began an indefinite strike over pay.

The action came in spite of an appeal to stay at work by Mr. Peter Benton, Post Office managing director of telecommunications.

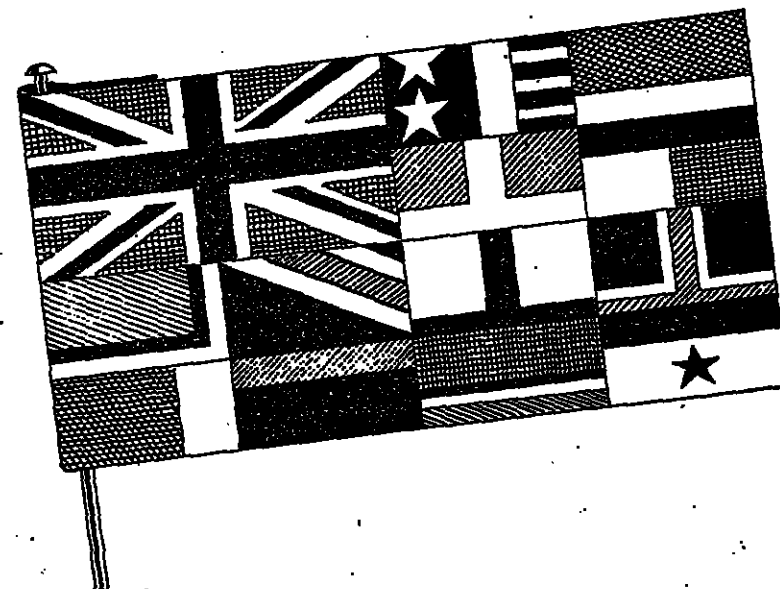
The computer staff at Leeds and Harmondsworth, Middlesex, are members of the Society of Civil and Public Servants. They walked out as part of the union's campaign for restoration of external pay parity and for internal Post Office pay parity.

The computers, which are part of the Telephone On-Line Data

system, maintain links between billing centres, and deal with the Post Office's payroll.

The union estimates that the decision to halt the billing will cost the Post Office more than £100m a week. Computer staff will go in voluntarily to the two centres to make sure that payroll processing is not affected by the stoppage.

The union has already called out its 6,000 Post Office members on a one-day strike, and plans further selective action in support of its claim. It is estimated that 25 per cent increases would be needed to restore relativities to 1975 levels.



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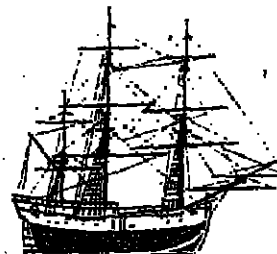
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But if we hadn't had a multinational flag to wave, that project wouldn't have been worth a pin.

Mobil

UK—ELECTION NEWS

Conservatives pledge improved pensions

BY ELINOR GOODMAN, LOBBY STAFF

MRS. THATCHER last night hit back at Labour claims that pensioners would suffer under a Conservative Government.

At a meeting in Gravesend, she promised that the level of pensions would be increased in line with inflation under a Tory administration.

She also repeated her attack on Labour's claims to have exclusive rights to compassion as a party.

She said that a number of "misleading stories" had been circulating about what an incoming Conservative Government would do.

To put the record straight, she spelled out her party's commitments to pensioners.

First, the level of pensions would be increased to take account of price rises. "That is to say, we pledge to maintain the value of retirement pensions in terms of what they will buy in the shops."

The increases, announced for November, would go ahead, she promised.

Second, she repeated the Conservatives' promise to abolish the earnings rule for pensioners in the next Parliament. This rule, she said, penalised people who wanted to help themselves by working.

She also gave an undertaking that the pensioners' annual Christmas bonus would con-

tinue, and that the war widows' pensions would be exempt from tax altogether.

Moreover, those pensioners who had "another pension of their own, or some savings" and who therefore had to pay tax, would benefit from the overall reduction in income tax.

Mrs. Thatcher has clearly been stung by suggestions from Labour that pensioners would inevitably suffer if shop prices go up, as a result of switching of a tax burden from direct to indirect taxes.

Rebutting these claims, she went over the Conservatives' record on pensioners. No Government could ever do enough to help the old, she said, but the Conservatives would try.

Earlier, speaking on BBC Radio 4, Mrs. Thatcher virtually ruled out the possibility of a formal pact between the Tories and the Liberals in the event of a hung Parliament.

She said she did not think a Conservative Government would try to enter into a coalition but would try instead to get its own programme through, even if this meant accepting defeat on some individual issues.

She made it clear that she personally "viewed with horror" the possibility of having to rely on the minority parties.

She very much hoped to get a really sizeable majority to

avoid the kind of "wheeler dealing" which she implied was the inevitable by-product of minority government.

Throughout the interview, Mrs. Thatcher presented a fairly abrasive picture of Conservative policy, though she did emphasise that the Tories would "pick up" any increase in VAT when they reviewed old age pensions as a means of ensuring that old people did not suffer from the proposed switch to indirect taxation.

She again stood by her controversial remarks on the dangers of immigrants "swamping" some areas of Britain.

Insisting that she was in favour of giving immigrants equal opportunities once they had settled here permanently, she said that some people did feel swamped—"I stand by it absolutely, I really do."

There had to be a tough policy on the entry of immigrants, she said, because the people who were already here.

The worry was that as a minority got "bigger and bigger" people tended to regard it in a totally different light and to fear it.

Britain already had problems with unemployment and in the circumstances it would be foolish to allow too many new people to enter the country, she maintained.

Industrial grants 'should be cut'

BY RHYS DAVID

ELIMINATION of many of existing grants to industry, a reduced role for the National Enterprise Board, and a halt to employment legislation are all called for by the Engineering Employers' Federation in an appeal to candidates.

The federation, which represents 6,300 companies, is making its first intervention in a general election campaign. Mr. Edward Garlick, the federation's president in the North-west, said it was doing so because the problems had never before been so serious.

The appeal, contained in a document now being sent to candidates, industrial and union leaders, lists inflation, productivity, and unemployment as the three most important issues which must occupy any new government's attention.

Mr. Garlick, who takes over from May 1 as group managing director of Renold, the Manchester-based engineering company, said the federation message was not intended to be partisan. The ability of governments to match their promises depended, however, on the competitiveness of British industry in world markets.

Industry had a right, therefore, to look to government to avoid imposing burdens which reduced competitiveness and to encourage individual enterprise.

The measures needed to ensure this in industry included curtailment of the current multiplicity of grants, many of which were too small to influence decisions, the withdrawal of direct government intervention in companies and industries.

To achieve continuity in the application of industrial strategy in the UK, says the document, opposition parties should be represented on the National Economic Development Council, alongside Government, management and the trade unions.

The National Enterprise Board's role should be restricted to that of temporary hospital for potentially viable companies. It should not encroach unnecessarily on the private sector.

On employment, the federation calls on the political parties to recognise that industry is still trying to absorb the burden of recent employment legislation and to refrain from adding to employment law.

They are also asked to avoid making radical changes in existing institutions such as the Advisory, Conciliation and Arbitration Service, and to stay clear of legislation on controversial subjects such as industrial democracy.

The federation wants a review of parts of the Employment Protection Act which it claims have been troublesome.



Mrs. Thatcher chats with Tory supporters.

ON THE STUMP

Thatcher polishes the Tory image

BY ELINOR GOODMAN, LOBBY STAFF

CONSERVATIVE Central Office excelled itself yesterday when it chose the Bristol headquarters of Kleeneze for the first stop on what is developing into Mrs. Thatcher's "keep fit tour" for journalists.

Kleeneze, purveyors of cleaning materials for the doorsteps of England, could have been the model for Hammond Transport in BBC's Brothers saga. It embodies all those virtues which are dearest to the Conservatives.

Founded in 1923, it is still a family company. The chairman is, by happy coincidence, a woman—Mrs. Helena Crook, wife of the founder—and so are some of the managers brought out yesterday for the inspection of Mrs. Thatcher and her journalistic retinue.

It was also relatively early into voluntary profit-sharing. In the 1950s, when the company went public, a block of shares was put into a trust for awarding long-serving employees.

The agents who sell the company's products direct to housewives have an intimate understanding of the profit motive: they are paid no salary but are



motivated by commission instead.

But the best thing about the company from Central Office's point of view, was its appreciation of the finer points of public relations.

Kleeneze makes brushes, and photographs of politicians with brushes, make for irresistible captions.

Mrs. Thatcher herself came up with "brushing Whitehall clean" as she obligingly posed for the photographers. One of

the company's managers suggested "a clean sweep to victory."

The brushes and the other products made by Kleeneze also gave Mrs. Thatcher an opportunity to display her unusual combination of talents to best advantage.

She could talk easily about the difficulties of getting floors really clean, with all the experience of a housewife who had spent long hours on her knees. She could also show the know-

ledge of chemicals she acquired in her youth as a research chemist.

Nor were the brushes the only accessory on offer for the photographers. As Mrs. Thatcher jogged through the factory, with the photographers trailing behind like an obedient pack of beagles, the company's public relations girl promised a whole line of women workers in the next shed to provide a good setting for photographs.

With her unerring knack of sniffing out a socialist, Mrs. Thatcher flashed past the one woman claiming to support Mr. Callaghan and engaged in earnest conversation with another woman over the relative merits of natural and synthetic metals.

Mrs. Thatcher has a great gift for appearing to be genuinely interested in whoever she is talking to, but eventually, even her repertoire of remarks about brushes and draught excluders ran out. "Very pretty" was all she could say as she fingered the brushes on the last draught preventer showed to her on her tour.

Regional affairs policy Surprises in small print

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

IT IS one of the lesser ironies of the election that the party which has the least chance of forming a government has the most to say about regional affairs while the one which, according to all the polls, is in the lead has committed itself to saying very little.

If the Liberals were to win, a major shake-up would take place in both the relationship between central and local government and in the creation of a much more federalised structure of government.

By contrast, it is necessary to search the Conservative manifesto carefully to find any mention of regional matters. Where policy does appear, it concerns assurances that the Tories will ensure value for money rather than any change of direction.

What is clear is that a Conservative Government would adhere to the 1972 Industry Act, introduced when Mr. Edward Heath was Prime Minister.

This is slightly surprising because the 1972 Act, as taken over by Labour, has turned into an interventionist measure. Much of the assistance to industry, and not only in the regions, has been given in the past five years via this Act.

It is also surprising because it has always been thought that the Conservatives would seek to make large economies in regional assistance to provide some of the finance needed for any tax cuts and to meet the promise that the party would cut public spending.

But the considerable debate

which has gone on within the party committees appears to have been won by the "regionalists."

The clearest clue to all this lies in one sentence: "We do not propose sudden, sharp changes in the measures now in force."

But the manifesto goes on to say that "there is a strong case for relating assistance more closely to the number of jobs they create" and there is little doubt that each new project will be analysed much more closely from a job-creation angle.

Multi-million pound schemes which produce just a hundred or so new jobs will not be favourably received at a Tory Department of Industry.

Labour has long since come to accept the need to offer every possible inducement to get industry into Britain.

It has been impressed by the academic argument that the need today is not so much to help individual areas as to ensure that Britain gets floating investment.

Labour has come up with one big surprise. On top of the assurance that it will continue the policy of strong regional incentives, it states quite categorically that development agencies on the lines of the Scottish and Welsh agencies will be created for English regions—suffering similar economic problems.

At least two parts of the country, the North-east and the North-west, around Merseyside, undoubtedly fall into this category and it is possible to argue

a case that Cornwall or even much of the South-west should also be considered.

Such a promise envisages a considerable boost in the amount of money spent on the regions. The Scottish Development Agency was originally given a budget of £200m for provision for another £100m over a five-year period, a sum since raised to £800m. And in Wales, the original budget was £100m plus £50m—since raised to £300m.

If Labour is to offer anything like the same financial assistance to the English regions most in need it might have to find another £1bn over five years.

Both major parties' proposals, though, are small beer by comparison with what the Liberals offer. They talk about the need for a "massive decentralisation" of power from Westminster, a step which necessarily involves legislative, executive and fiscal powers.

The regions would play another interesting role: representatives from them would be included in a reformed second chamber.

The House of Lords would be replaced by a "democratically chosen second chamber which includes representatives of the nations and regions of the UK."

It is not clear whether these representatives would be directly elected to the upper chamber or nominated by their own regional councils. But, then, manifestos are intended as outline rather than detailed guides to the future.

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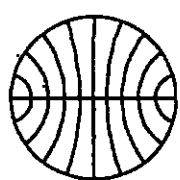
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PAN AM

Powell opposes hanging

By Stewart Dalby

MR. ENOCH POWELL started his campaign to retain his marginal Ulster seat with an extremely low-key Press conference at his cottage in the village of Loughbrickland.

The Official Unionist MP for South Down was cautious and equivocal on the key question of devolution but categorically came out against the return of hanging even for terrorist crimes.

He indicated that in his opening campaign speech tomorrow to his local association, he would criticise Britain's membership of the Common Market and support the decision not to join the European Monetary System. This, he said, was official Unionist policy.

On devolution, Mr. Powell said he favoured it only if it could be combined with no weakening at all of Northern Ireland's union with Great Britain. This does not necessarily mean a return to the Stormont Parliament of pre-1972—and he added that too many people confused integration with uniformity.

Rejecting charges that he was an out and out integrationist, he said that he would accept this devolution providing the proper form could be found.

Mr. Powell had come in for a great deal of criticism from other Unionists because he has not supported devolution wholeheartedly.

This is thought to be the reason that Mr. Cecil Harvey of the United Ulster Unionist Party is planning to run against him.

With a majority of only 3,567 in the last election, Mr. Powell could easily lose his seat if Mr. Harvey splits Unionist votes. The 81,000-vote constituency is 40 per cent Catholic. Asked if he was worried about Mr. Harvey's challenge, Mr. Powell said he never gave publicity to other candidates.

Mr. Powell came out categorically against hanging, even for terrorist crimes. He reiterated his opposition to capital punishment even after being informed of one of the worst incidents of IRA violence yesterday when four RUC policemen were blown up by a van bomb at Beshbrooke just outside his constituency.

"I have consistently voted against the death penalty, believing there is no evidence that it would reduce the murder rate below what it otherwise would have been."

Liberals spell out tax/credit plans

BY DAVID FREUD

TAX CREDITS would eventually be introduced in the UK, regardless of which party was in power, Mr. David Steel, the Liberal Leader, said yesterday.

He was introducing a booklet which spelled out Liberal proposals for a unified tax credit system to replace the present structure of tax allowances and social security and national insurance benefits.

Instead of tax allowances, individuals would be given credits which would be set against tax liability. If income did not match the credits due, the state would pay out the difference.

There would be four main types of credit: personal; housing; long-term for pensioners, the disabled and those out of work for more than six months; and short-term for the first six months of sickness or unemployment.

The booklet argued that this would simplify the system, replacing overlapping benefits by a few straightforward credits which would be received as of right.

Most of the present means-

tested benefits would become unnecessary, and the "poverty trap"—whereby some people were better off not working—would be eliminated.

The booklet stated that higher rates of tax could not be included in the operation of Pay As You Earn for employees, but would have to be charged in arrears in the way that surtax used to be.

At the same time, the proposals would allow some of the tax burden to be shifted from direct to indirect taxation, reversing the opposite trend resulting from the inflation of recent years.

Men and women would be treated on an equal basis, regardless of their marital or employment status and the proposals would provide the basis for the complete reform of housing finance, said the booklet.

To Each According Liberal Tax Credit Proposals by Mr. Philip Vince. Liberal Publication Department, 9, Poland Street, London W1, 50p.

Steel seeks joint talks in case of hung Parliament

BY JOHN HUNT

MR. DAVID STEEL, the Liberal leader, predicted yesterday that no party will have an overall majority when the election results are declared.

In those circumstances there should be consultation between all party leaders with significant representation in the Commons.

This would be the only way to construct a basis for a stable long-term Government, he maintained at his morning press conference.

If the electors denied any party the magic 318 seats needed for an overall majority, no-one was entitled to claim victory.

The Queen and her constitutional advisers should then seek the advice of the leaders of the various parties about the formation of the Government.

"Even under our unfair electoral system the voters are sovereign," said Mr. Steel. "Their verdict should be treated with respect, not ridden over roughshod."

Mr. Steel based his assumption of another "hung

Parliament" on the results of the Gallup poll in Labour marginal seats, which showed that Labour's share of the vote was holding up remarkably well.

If this happened, no single party could claim an outright victory, although the largest single party would have special claim to consideration. But whether the largest party was Labour or Conservative, it had no exclusive right to power.

There should be no rush or hurry to form a new government, he said. There must not be a "cynical decision" by the largest party to seize power and have another election in six months time, as Labour did in February 1974.

Ecology Party

THE ECOLOGY Party is to field 32 candidates in the general election in an attempt to win support for radical conservation policies contained in its election manifesto published yesterday.

Labour 'threat' to builders

By Andrew Taylor

CONSTRUCTION INDUSTRY employers have strongly criticised plans for the construction and building industries contained in the Labour Party election manifesto.

Sir Maurice Laing, president of the Federation of Civil Engineering Contractors, and Mr. Frank Gostling, president of the National Federation of Building Trades Employers, in a joint letter to the Prime Minister, say they consider the Labour proposals as anything "other than a major threat to the competitive, free enterprise character of the construction industries."

They say the proposals would "allow any future Labour Government to introduce unfair or subsidised competition."

That might come from workers' co-operatives competing for smaller jobs while expanded council building department might compete for the middle range of work.

In addition, it was envisaged that "some form of nationalised undertaking" would compete for big contracts.

The letter to Mr. Callaghan concludes: "In the absence of a clear statement from you that your Government, if elected, would not proceed in this way, we will feel bound to take such steps as may be open to us to draw the maximum public attention to what we believe would be the highly damaging consequences of these proposals—both for all those employed in the industry and the country as a whole."

The Labour manifesto proposals have also been criticised by the Federation of Associations of Specialists and Sub-Contractors. Mr. John Huxtable, director of the federation, says he is disappointed that local authority direct-labour works are to be expanded while a "pioneering" public enterprise is to be established to carry out large and medium-sized projects.

Roads 'spared'

MR. NICHOLAS EDWARDS, an Opposition spokesman for Speaking in Cardiff to launch the Conservatives' Welsh manifesto, Mr. Edwards said that, whereas England's private roads network was largely spared, the same was not true of Wales.

Labour to go for political centre ground

BY JOHN HUNT

THE PRIME MINISTER declared yesterday that the Conservative Party has moved so far to the right under Mrs. Thatcher that Labour has the chance to occupy the centre ground in the election campaign.

At his morning Press conference, Mr. Callaghan made clear that he will exploit that opportunity to the full.

In particular, he seized on Mrs. Thatcher's Cardiff speech the previous night, in which she depicted the Tories as the party of change and reform.

"I am in favour of the Conservative Party's evacuating the centre ground and moving to the Right," he said, "that gives us a big area to move into."

"I am going for the centre ground as well as the Left and radical ground. I think that it is something that distinguishes us and will give the people of this country a real choice for the first time."

The electorate was not being asked to vote for the traditional Conservative Party. What was being put forward now was something very different. It was divisive and, in the words of Mrs. Thatcher, reactionary.

"I am in favour of that choice being made," he went on. "I believe people will make the right choice here."

Mr. Callaghan also attempted to beat off the strong attack

that the Conservatives have been making over the industrial disruption of the winter. He argued that under the last Tory Government, about twice as many days had been lost through industrial strife than under Labour.

Once again he placed great emphasis on his concordat with the TUC and emphasised that he would expect that to be honoured to the letter if Labour is returned to office. He insisted that there was a basis for a further consensus with the unions.

On that point, he was asked how he could guarantee that the agreement would be observed and, if not, whether he would be prepared to introduce legislation.

Mr. Callaghan replied that in such circumstances strong pressure could be brought to bear on individual unions through the TUC.

"All the leading trade unions have signed this pledge," he added, "I look to them to observe it, and if there is any union falling by the wayside, to bring them back into line. There is no alternative that will work."

The Prime Minister also promised that under Labour there would be a concerted drive to abolish class distinctions at work, although he agreed that that would be a matter for voluntary action rather than legislation.

Wealth tax 'threatens' £200m art treasures

ART TREASURES worth £200m in private hands would be at risk if a new Labour Government introduced its proposed wealth tax, Mr. Hugh Leggatt, secretary of Heritage in Danger, the arts protection group, said in London yesterday.

Mr. Leggatt gave a warning that works of art, owned by private collectors, on loan to public museums and galleries would be sold and might go abroad if the proposed tax on individual net assets of £150,000 and above was introduced.

Takeover plan

NATIONALISATION of basic industries, banks and land without compensation is a primary plank in the policy of the Workers' Revolutionary Party, disclosed yesterday.

The party is also calling for the withdrawal of all troops from Northern Ireland and the release of all political prisoners. It is fielding 60 candidates, compared with three in February 1974, and is thus entitled to a five-minute television spot.

The real battle

THE REAL battle in the general election campaign is between Scotland and Westminster and not between Left and Right, Mr. Douglas Henderson, Scottish National Party MP for Aberdeenshire, East, said yesterday.

Speaking in Aberdeen, he said that the nationalist group of MPs would return to Westminster demanding the immediate implementation of an amended Scotland Act.

Tax reform call

LIBERALS STAND for a society that recognises individual abilities regardless of sex, age or marital status, according to the Women's Liberal Federation.

In a pamphlet published yesterday, the federation argues for "radical reform" of taxation.

Declarations

A RECORD number of 517 general election results are expected to be declared during the night after polling on May 3, a survey conducted by the Press Association showed yesterday.

Only 117 returning officers, with one constituency still to be determined, have opted to wait until May 4 before starting to count votes.

Attitudes poll

THE GREEN ALLIANCE, a recently formed environmentalist group, has sent a questionnaire to all candidates in the general election to find out their position on environmental issues.

The questions cover attitudes to nuclear power stations, transport, energy conservation, wildlife, pollution and foreign aid.

Fire 'political'

MR. DENIS HOWELL, Environment Minister, said yesterday that he believed that a fire attack on his campaign headquarters in Birmingham on Monday night was politically motivated.

The fire-risers set alight a pile of envelopes after breaking into Mr. Howell's committee's rooms, but the fire failed to spread.

Front expands

THE NATIONAL Front said yesterday that it would be fighting a total of 58 seats in north-west England, 30 more than at the last general election.

Tories expect bigger majority at Pembroke

BY ROBIN REEVES, WELSH CORRESPONDENT

"THIS TIME, let us ensure the majority is 7,000, not 700-odd," declared the president of Pembroke Conservative Association to thunderous applause.

The occasion was the adoption meeting of Mr. Nicholas Edwards in Haverfordwest. As the odds, he has been the Tory MP for this South-West corner of Wales for the past nine years and stands poised to become the next Secretary of State for Wales.

It is surprising, because Pembroke is the seat that Desmond Donnelly once held comfortably for Labour for 20 years. Nicholas Edwards slipped in when Donnelly's gradual shift across the political spectrum from Tribune to eventual Tory led him to break with Labour and fight the 1970 General Election under the banner of his own, short-lived Democratic Party.

Donnelly split Labour right down the middle, polling nearly 12,000 votes, or more than 27 per cent of the total. Nicholas Edwards was in with a majority of 1,231.

Remarkably, he succeeded in beating off Labour's challenge in both the 1974 contests, in spite of a strong local candidate in Gordon Parry who has since been created a Labour life peer.

Political activists in other parties will tell you that the reason was two-fold: a smear campaign suggesting that Gordon Parry was a dangerous Left-winger, and a last-minute Tory commitment to abolish the tolls on the Cleddau Bridge.

It remains a hot issue. The Cleddau Bridge spans Milford Haven, linking the south of Pembrokeshire and the largest town, Pembroke Dock, with Milford Town and areas to the north and west. Of box girder design, it collapsed during construction, with lives lost and with widespread implications for bridge design.

That led to a 12-month delay in building a Government inquiry, a quinquennial in construction costs to £12m, and



Mr. Nicholas Edwards, Conservative candidate for Pembroke, in Haverfordwest.

a toll, today 35p a car journey. For anyone living on one side of the Haven and working on the other, it amounts to a sizeable weekly expense.

How important the Tory pledge was in tipping the balance remains uncertain. The fact is that Nicholas Edwards, aged 45, an insurance broker with an aggressive political style and an accent that would sound more at home in Wimbledon than Wales, withstood the Labour assault.

His majority of 772 happens to be the smallest in the Principality and would be lost on a 1.3 per cent swing to Labour, but the Conservatives are confident not only of winning but of substantially increasing their majority.

Certainly, the character of what was the old county of Pembrokeshire (now subsumed in Dyfed) has changed significantly in the past 20 years.

Politically, it is a melting pot, arguably, the Conservative power base is in the south of the county, around Tenby; Labour's is in Pembroke Dock and Fishguard, while Milford and Haverfordwest are regarded as capable of swinging sharply either way.

Some are young people coming on to the register, completely barren territory for

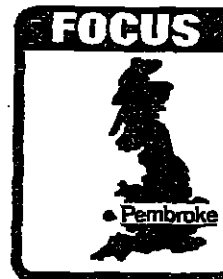
any candidate. Indeed, Pembroke cherishes its ability on occasions to buck the national trend, and one seasoned campaigner suggested that up to two-thirds of the electorate are floating voters.

Party labels are rare in local elections. That, and the marginal character of the seat, mean that an aspiring MP has the formidable task of canvassing every part of what is a very large constituency.

Nicholas Edwards has little doubt that he will win easily. He has not started campaigning until this week and plans to spend much of his time in other parts of Wales between now and May 3, wearing his Shadow Welsh Secretary hat.

In place of the toll abolition pledge is a commitment to make the Treasury responsible for £6m of the outstanding debt of £9m, which would reduce but not abolish the toll.

The Labour candidate, Alan Evans, aged 40, an official with the National Union of Teachers, is undaunted by the task of unseating Mr. Edwards. He has a successful career as leader of Comden Council Labour Group behind him and, since his adoption three years ago, has spent two weekends out of three in the constituency.



This time, too, there are more voters. The electorate has risen from a stable 62,000 up to the 1960s to more than 77,000, and some 5,000 of the increase has occurred since the last general election.

Some are young people coming on to the register, completely barren territory for

He admits that it is an uphill task and, although an outstanding public speaker, even by Welsh standards, he intends spending most of his campaign "on the knocker," showing his face and emphasising local bread-and-butter issues.

Alan Evans has his own detailed ideas on how Pembrokeshire's economic ills, stemming from its isolation and above-average unemployment, might be allayed by a combination of public and private enterprise. He has involved himself actively in several local issues.

He is looking for an extra 3,000 votes to topple his Conservative rival.

His fortunes might depend on what happens to the Liberal vote. On the face of it, Richard Livsey, the candidate, will have strong appeal to the large farming vote; he is a lecturer in agriculture at Aberystwyth.

However, although an experienced campaigner, he has only been nursing the constituency for 18 months.

Plaid Cymru is also contesting the seat. But although it holds next-door Carmarthen, it has never done particularly well in Pembroke. Not for nothing is it known as "Little England beyond Wales."

In a tight race, however, every vote counts. A last-minute addition to the Pembroke battle is an Ecology Party candidate. With last autumn's near disaster with the Christos Bitas off Pembrokeshire's coast in everybody's mind, he might poll a respectable vote.

OCTOBER 1974 ELECTION
Nicholas W. Edwards (C) 23,190.
Gordon Parry (Lab.) 22,418.
Patrick Jones (L) 8,118.
Richard Davies (Plaid Cymru) 2,850.
Majority 772 (1.3 per cent).

Candidates so far
Nicholas Edwards (C).
Alan Evans (Lab.).
Richard Livsey (L).
Ron Dawe (Plaid Cymru).
Brian Kingzett (Ecology).

TOMORROW: East Anglia

United effort 'needed to halve inflation'

BY IVOR OWEN

A UNITED national effort will be required to halve inflation to less than 5 per cent by 1982, Mr. Callaghan declared last night.

He told a Labour Party rally in Birmingham that, given a new mandate, the Government will invite business leaders and trade unionists to join Ministers in an annual industrial summit.

It would be held each spring, to hammer out, well in advance, a nationally agreed approach to the economy.

The Prime Minister contrasted Labour's willingness to proceed by co-operation and consensus with what he described as the divisive policies adopted by Mrs. Margaret Thatcher.

He promised that, over the next five years, a Labour Government would devote all the energy and determination that it could muster against rising prices.

"We know we can cut price rises in half in the next three years because we have cut price rises in half over the last three years."

Mr. Callaghan emphasised the importance of a strengthened Price Commission, "not only to freeze unjustified prices but to cut them where necessary."

He praised the success of Mr. John Silkin, Minister of Agriculture, in freezing European farm prices this year, and suggested that that should be the foundation for a continuing freeze until the food surpluses generated under the Common Agricultural Policy were brought under control.

He commented: "The European ideal is a great one; but in this matter the Common Market lacks common sense."

The Prime Minister pointed to the role to be played by the new Comparability Commission in deciding public-sector pay levels. It was better way to achieve flexibility and fairness without wage inflation.

Mr. Callaghan challenged Mrs. Thatcher to explain by how much prices would go up, how many jobs would be lost and how tax cuts would be financed under the proposals outlined in the Conservative manifesto.

Scots seek TV 'balance'

PART OF the TV news programme News at Ten would have to be blocked off the air in Scotland if a legal action by the Scottish National Party succeeded, the Court of Session in Edinburgh was told yesterday.

The party is seeking a ruling against the Independent Broadcasting Authority preventing it from broadcasting network news and TV programmes in Scotland that fail to maintain "balance" between the political parties.

The party sought an interim interdict, complaining that TV election news and current affairs programmes broadcast

by the IBA concentrated on the Labour, Conservative and Liberal parties, but not on the SNP, whose views the nationalists say are also important in Scotland.

However, Mr. James Milligan, QC counsel for the IBA, told the hearing that what the SNP was seeking was something "far stronger" than the legislation provided. It was ill founded in law and should be refused.

Lord Robertson, the judge, is to give his decision today.

Mr. Milligan said that if the interdict was granted, parts of News at Ten would have to come off the air in Scotland.

PM 'using smear tactics'

BY PAUL TAYLOR

MR. WILLIAM WHITELAW, deputy Conservative leader, yesterday accused the Prime Minister of waging a campaign of "smeared and scares" against the Tories.

Speaking at the Tories' daily Press conference in London, Mr. Whitelaw said the Prime Minister's tactics were "not an edifying spectacle" for someone trying to put himself forward as "a statesman-like leader."

It was not surprising, he said, that Labour was unable to fight the election on the basis of its record in Government—a doubling of prices and unemployment—or on the basis of its manifesto which he said was a re-hash designed to keep various factions within the party during the election.

Instead, Mr. Whitelaw claimed the Prime Minister was going to fight the election on "a mixture of smear tactics and scares against the Tories."

The Conservatives would, however, put forward their vision of the future of the country—an ideal which Mr. Whitelaw claimed many people wanted today.

Mr. Whitelaw refused to be pressed on the cost of the Tories' plans to cut income tax. He said he found it "remarkable" that the Labour manifesto

promised tax cuts and at the same time talked of measures which would increase public expenditure.

On crime, Mr. Whitelaw said he welcomed the figures released by Mr. Merlyn Rees, Home Secretary, which showed a fall in the overall crime rate. But he added that there were some "very dangerous and worrying" figures hidden within the statistics.

Crimes involving violence had risen by 6 per cent, those involving sexual offences were up 5 per cent after remaining steady for five years, and crimes involving damage to property were up 3 per cent.

Mr. Whitelaw added that what was needed was real will, determination and drive to combat crime—something that the present Government had failed to provide.

Turning to pay and industrial relations, Mr. Whitelaw said the Tories would honour agreements which have been reached and would look at cases under review by the recently established Comparability Commission, to see if there was enough money to pay for proposed settlements.

He said it remained to be seen whether such a body investigating pay in the public sector would avoid further disruptive strikes.

Sir Ian Gilmour, shadow defence secretary, attacked Mr. Callaghan's attitude to the law and trade unions. When he became Prime Minister, Mr. Callaghan had "heaped privileges on the unions."

It was now "nonsense" for the Prime Minister to say the law was not a suitable instrument for dealing with the unions.

Mr. Reg Prentice, a former Labour minister, made a further appeal to disenchanted Labour voters to change sides—a theme developed by Mrs. Margaret Thatcher in her speech at Cardiff on Monday.

Mr. Prentice said there had been a "phenomenal shift" of people away from the Labour Party, caused by the Labour Government's failures and a growing fear of left-wing infiltration.

Many people had joined the Labour Party because they wanted a "better deal for the underdog" but the fact was that other free enterprise nations now provided better pensions and spent more on health services.

He said he now liked to identify himself with those people who were hesitating in making the step from Labour to Conservative. His message was that "free enterprise and social conscience go together."

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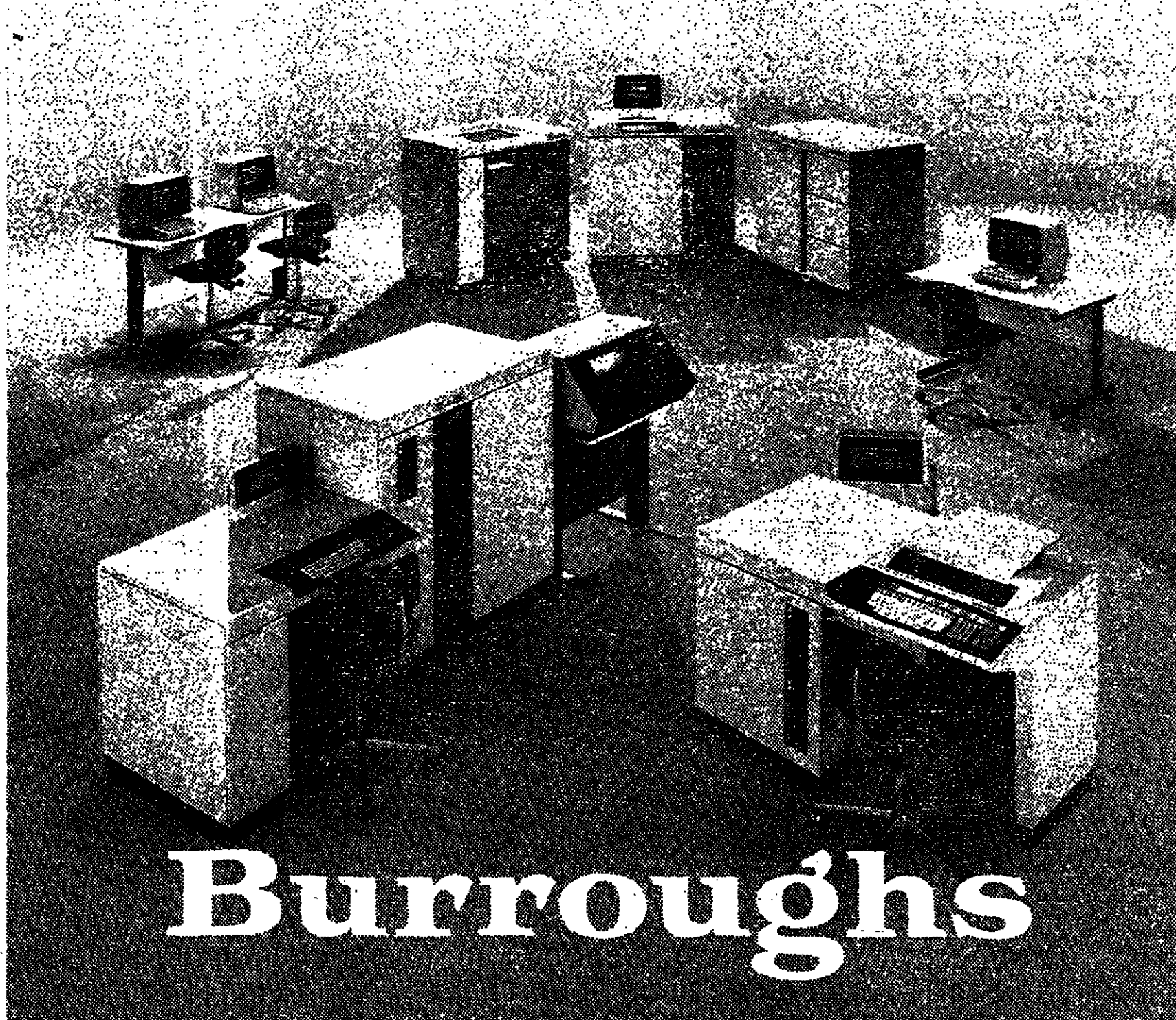
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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

INSTRUMENTS

Aids detection of earthquakes

UP TO now an enduring feature of the seismometers used for detection of earthquakes has been the large mass employed. It is usually suspended from a rigid frame by a spring and the relative motion between frame and mass is a measure of earth motion.

But these instruments are unwieldy, the mass often being 10 kg or more and the total instrument approximating in size to a large television set.

Now, however, a group at Reading University has demonstrated practically that the same levels of detection can be obtained from a mass of only

50 grammes, involving an instrument size about that of a beer can.

Secret lies in an improved displacement sensing system in which electrical force feedback is applied to maintain the mass stationary with respect to the frame.

A ground motion of less than one billionth of a metre at a period of 20 seconds can be detected. Furthermore, the instrument is relatively cheap, and large numbers can be easily transported and set up—improving the prospects of prediction apart from simple detection.

Will record events

TEN PENS recording events on a trace interrupt basis are combined with an eleven trace superimposed on analogue trace of any electrical signal in a recorder introduced by Aughton Instruments, Woodward Road, Kirby, Liverpool L33 7UZ (051 548 6060).

Called the ARE 10/A, the instrument uses electric writing on aluminium-coated chart paper (spark erosion), doing away with ink.

Event start response is 100 milliseconds, maximum event rate is two per second and the minimum event duration is 250

ms at the fastest chart speed, which is 2mm/sec. Paper speeds are thumb-wheel selected and there are ten values down to 10mm per hour. An optional fixed speed chart drive can be provided at these or other speeds. Event indicator lights are fitted over each pen.

Charts are DIN standard with 100mm working width, 15 metres long with lines printed every 10mm. The panel cut-out is also DIN sized.

The recorder will operate from any main supply, at temperatures between 0 and 50 degrees Centigrade.

IN THE OFFICE

Easy to store data on film

THE MARKET for storage and retrieval of data on microfilm continues to grow (it is thought to be about £45m in the UK alone) in spite of the onward march of low-cost electronics.

Storage on film for archival and semi-archival purposes however, remains extremely simple and economical. Bell and Howell for example has just announced a roll-film reader costing £861 which offers motorised retrieval from film 16 mm cartridges or from open reels. This dual facility enables savings to be made on cartridge costs (they are about £1.50 each); the self-threading cartridge is much easier to use than the roll and as the data on cartridges becomes, with time, of mainly historical interest, the roll inside it can be taken out, stored, and the cartridge used again.

The new machine, ABR 600, has a 271 mm (11 inches) square high resolution screen with drop in lens assemblies offering magnification between 20 and 48 times (six choices). The film accommodates 3,000 A4 images and the worst time to find a frame, using the variable speed driving lever, is about 30 seconds.

The operation consists of no more than dropping the cartridge in, pressing the "load" button and then using the lever to find the right image using indexing information.

The machine is also available with an electrostatic printer that can make a copy of the viewed frame in a choice of six print sizes, in 20 seconds. Price is £1,274.

Released at the same time is a new microfiche/jacket reader-printer with the usual pointer

and matrix image selector. Drop-in lenses offer magnifications between 15 and 82 times and there are six standard print sizes between 140 x 216 mm and 272 x 272 mm.

More from the company at 33, Woodthorpe Road, Ashford, Middlesex (Ashford, Middx, S1234).

COMPONENTS

Drives for electric motors

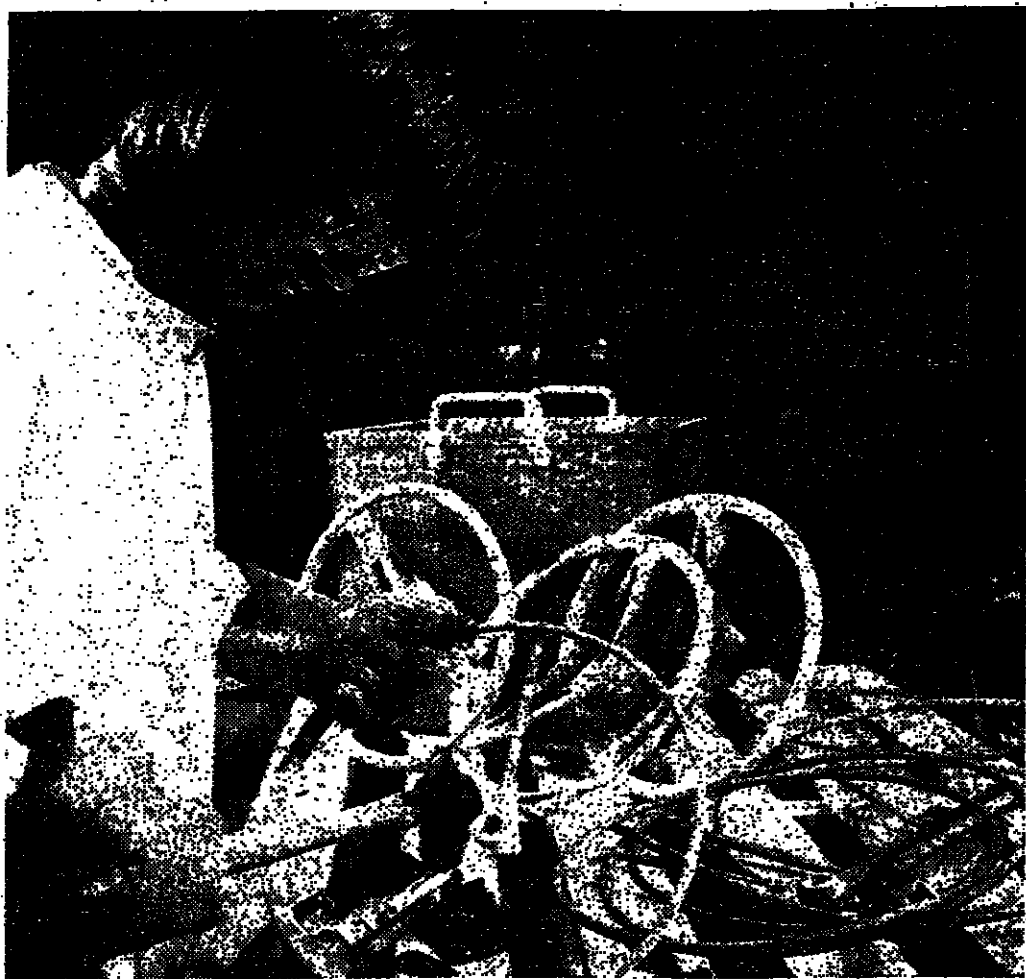
FULL-WAVE rectified direct current variable speed drives covering the power range 18 to 1500 kW (25 to 2000 hp) are offered by WER Industrial (UK), Unit E1, Hutton Bridge Works, Bridge Road, Kings Langley, Herts WD4 8RQ (09277 68466).

There are four of these Electrostat VIP drives in the range and if desired the company will supply an off-the-shelf package that includes the appropriate dc motor. Alternatively the drive can be integrated into a custom-designed process line.

The drives can be used in single motor or more complex multi-motor applications and will operate from virtually any ac mains supply, single or three phase, requiring only a single change of terminal plug to suit the voltage.

Basis of the design is six silicon controlled rectifier full-wave units of the "hockey-puck" variety mounted in modular heat sinks providing a high level of thermal dissipation.

Facilities are provided for setting up an application without actual load connection, and for fine tuning the load itself in terms of maximum/minimum speed, acceleration, etc.



One would have thought that there was little use for rejected, or old steering wheels but Air Products thinks differently. At the company's Workshop, Notts, research and development facility (to be moved next year to Crewe) steering wheels which consist of steel frames encased in plastics mouldings are dipped in liquid nitrogen at minus 196 degrees C. The intense cold embrittles the plastics material enabling it to be removed without difficulty and leaving the metal clean and ready for recycling. The process can be used for other composites to enable recovery of useful materials.

HANDLING

Pump for volatile liquids

SINCE OPERATION is mechanical rather than electrical, a lightweight hand-operated barrel pump can be used in places where there is no mains supply, or where there is a risk of explosion, claims Gritmann (UK), 53 Fleet Street, London EC4A 3DF (01-353 8601).

Said to be ideal for use in factories, machine shops, garages, fuel stores, etc., the unit is called Jumbo and available in three sizes for pumping up to 15, 25 and 80 litres per minute to a height of 12 feet, depending on the viscosity of the liquid.

For applications where the barrel or tank is above the level to which the liquid is to be transferred, the pump acts as a self-priming syphon, and continues while the pumping handle is held in the forward position.

When the handle is released, a cut-off valve, automatically interrupts the flow and prevents wasteful and potentially dangerous spillage of oil or chemicals.

Tarmac rail wagon plant costs £1m

UNLOADING PLANT for rail wagons, costing just over £1m (including £408,662 for 33 air-brake underside emptying rail wagons in Tarmac livery, supplied by Procure UK of Wakefield) has been installed by Tarmac Roadstone (Southern) at Hayes, Middx.

Half of the amount has been met by a 50 per cent rail freight facilities grant from the Department of Transport.

The company's Hayes depot provides aggregates and road surfacing materials to the north west areas of London and the Home Counties—a region where there is a deficit of local aggregate supplies.

Meanwhile, says the company, work has just started on installing similar rail handling facilities at another of its aggregate plants at Hothfield, Kent.

More on Bilston 41101.



Nilisk
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Wang is now recognised as the second largest supplier of small business computers in North America and the largest worldwide supplier of screen-based word processing systems. It is doing very well in the U.K. too!

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WANG
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had been employed according to the method of application.

Although some hand packing is still carried out, the packaging operation is an almost totally automatic function and will become exclusively so once the Amersham factory is fully operational and new packaging lines are brought on stream.

A high standard of presentation is essential for the cartons, and Indamelt HM 91 makes an important contribution in this area. Previous adhesives stained the outside of the carton if there was any seepage. HM 91 is almost colourless and does not stain if it comes into contact with the printed surface. As a result, rejects have been virtually eliminated.

Industrial Adhesives, Moor Road, Chesham, Bucks.

Automatic bag filler

FRESH AND frozen foods, fruit and bakery products, as just some of the free flowing products handled by the Wrapit vertical, automatic bag loader from Snapset, 17, St. George Street, Norwich, Norfolk.

Products can be fed into the master hopper, by timed conveyors or by hand, and the bagger may be linked to any conventional counters, weigh heads or volumetric fillers.

Machine has a simple pneumatic mechanism, and functions at speeds of up to 30 bags per minute. It has a positive bag opening system and uses standard wicketed bags which can be replenished while the bagger is in motion. Change over from one bag size to another is accomplished in a matter of minutes.

Filled bags may be closed by an inbuilt impulse sealer, or they may be released on to a discharge conveyor for closing by twist tie, sellotape, continuous band sealer, or with a plastic closure.

Two models are being manufactured: the WPI for bags within a 4 to 10 inch width and 14 inches long; and the WP2 for bags with a 10 to 18 inch width and 26 inches long.

PACKAGING

No problems of adhesion

A SINGLE hot melt adhesive produced by Industrial Adhesives has successfully replaced four different types previously used for carton and case-sealing operations at the Amersham factory of household foil producers Alcan Polyfoil.

This company produces household foil for the domestic market in widths ranging from 300mm to 600mm. Apart from the actual foil, which is manufactured and bought in from another plant in South Wales, the whole operation, including the production of the wound tubular cores is carried out at this site.

The adhesive, Indamelt HM 91, was formulated for Alcan after it had experienced severe difficulties—such as poor adhesion, staining and inconsistent performance—over a period of several months. It is used for each sealing operation in the packaging cycle where, in the past, different adhesives

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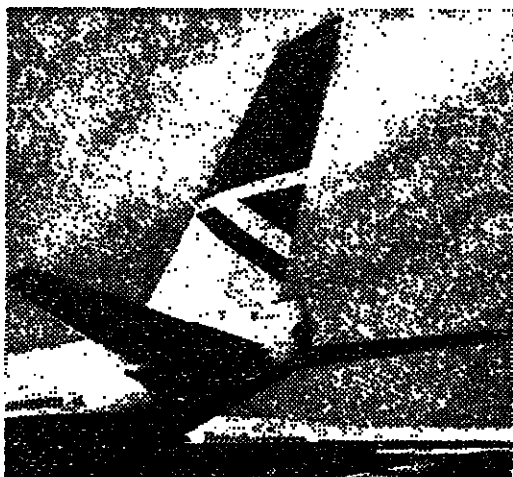
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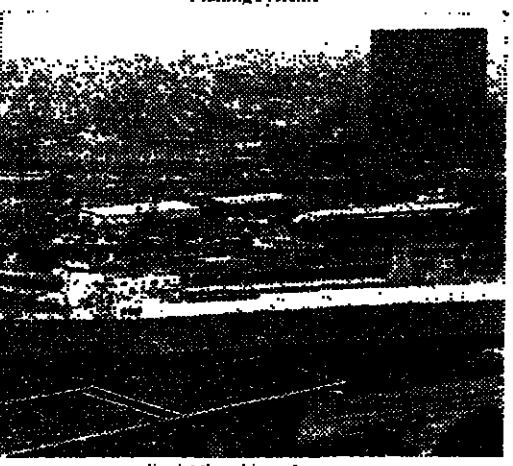
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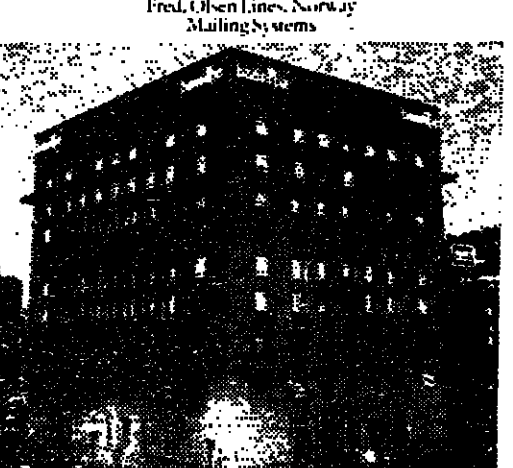
British Airways, United Kingdom
Mailing and Paper-Handling Systems



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Mailing Systems



Fred Olsen Lines, Norway
Mailing Systems



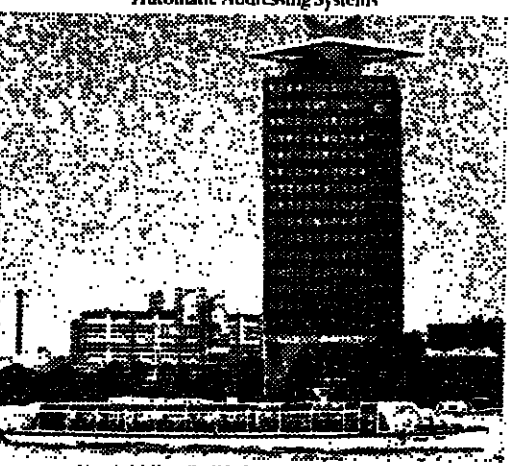
Banco do Estado de São Paulo, Brazil
Mailing and Paper-Handling Systems



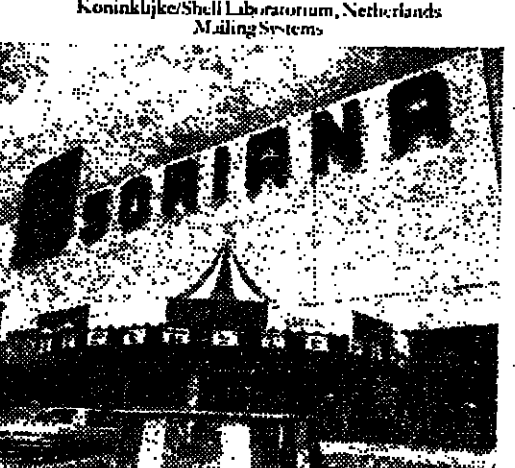
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Throughout the world, businesses and governments face an ever-growing challenge in communicating with the people they serve. Customers demand greater satisfaction, better performance. Citizens demand more and costlier services.

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Increasingly, this solution involves Pitney Bowes: the world's leader in mail and paper-handling systems and retail price-marking systems. For over 50 years, Pitney Bowes has successfully helped organizations—from the smallest to the largest—communicate more quickly, more efficiently and more effectively.

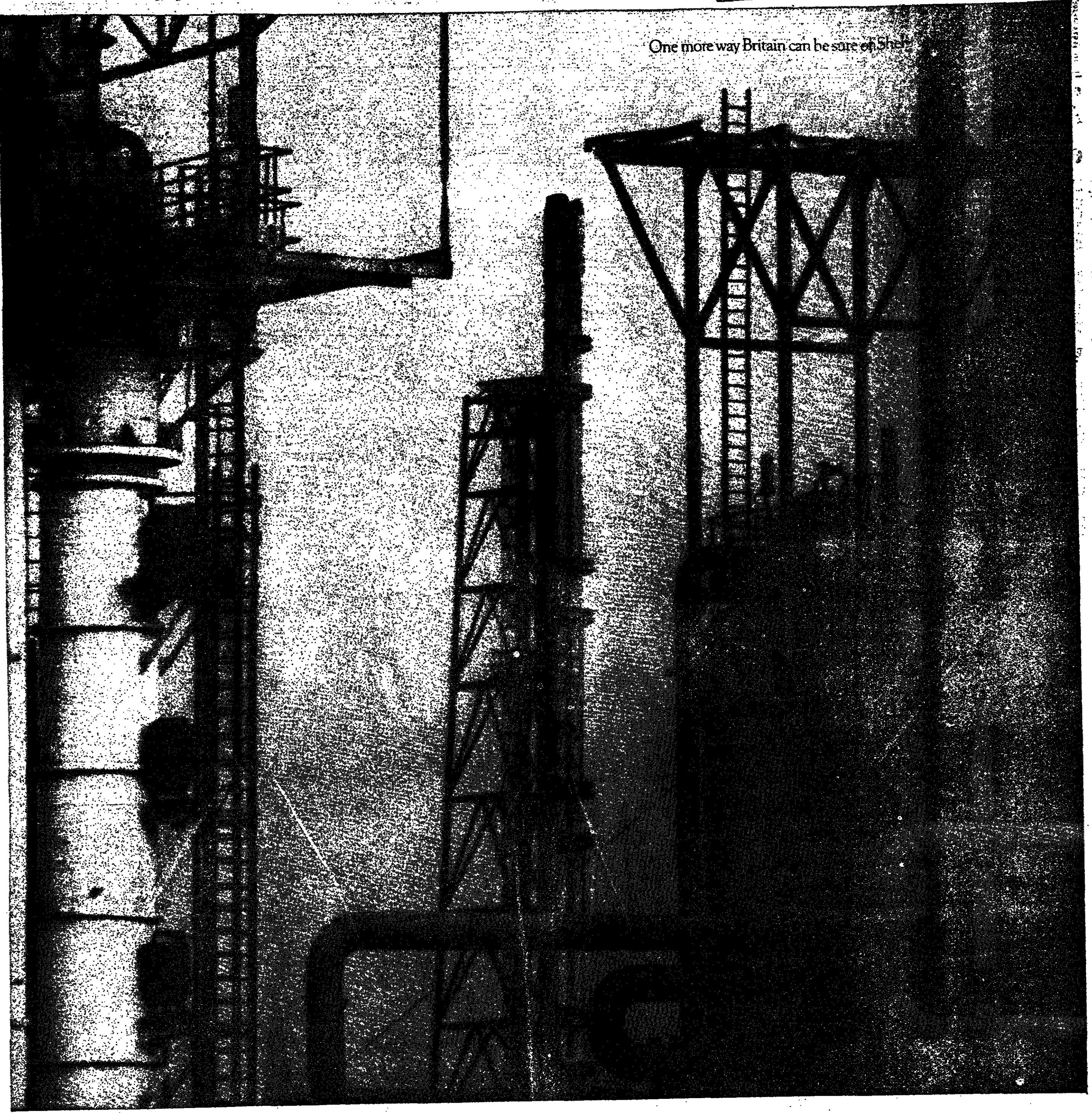
This success has always been based on a staunch dedication to product excellence, integrity of service and an eye to the future. And is evident in the firm's long-term relations with many leading public and private institutions world-wide.

To the people of Pitney Bowes, the job ahead calls for even greater commitment: as a society grows more complex, so will its communications requirements. You can be assured of a capable, trustworthy partner to help you meet those needs. A partner named Pitney Bowes.

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One more way Britain can be sure of Shell



Ever wondered what it is
you see burning in an Oil Refinery flare?

It's money.



Chris House, Distillation Manager
Shell Haven Refinery, Essex

"Like a steam engine,
an oil refinery must
have a safety valve.
This is the reason

for the flare you see burning as you drive past.
When crude oil is reduced to its fractions
in the tall distillation columns, and treated in
secondary process units, refinery gas is produced.
The gas is useless as a refinery product, but is far
from being mere waste.
While it flows at a high enough pressure, it

is returned to the process as fuel for the furnaces
which heat the columns. Though most of
the gas can be used in this way, some of it will not
have the necessary pressure.

In the past, low pressure gas was simply
burned away in the flare and its energy value lost.
Now, at Shell Haven and other refineries,
compressors are used to recover this gas and feed
it back to the furnaces.

There is still a flare to cope with fluctuations
in the amount in the system, but we are saving gas
worth hundreds of thousands
of pounds.

At Shell Haven this flare system is
my responsibility, so I have my office where I can
always see the flare through the window.
If the flame is large, it is burning money and I want
to know why. I then make sure that prompt
remedial action is taken by various process plants,
to keep the flare to a minimum.

It's not all exploring and drilling for new oil.
Our flare gas retrieval system is one example of
Shell's huge investment in getting the most out of
the oil we've already got."

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...and the fact that the *Journal of Management Studies* is a leading journal in the field of management studies, it is a great pleasure to have this special issue.

FINANCIAL TIMES SURVEY

Wednesday, April 18, 1979

Audio-Visual Communications

New technology is bringing important changes in the audio-visual business, not only with the event of videocassettes, video discs and teletext, but in the more established areas of film, tape and colour slides. Many of these developments will be highlighted at this year's Audio Visual Exhibition at the Wembley Conference Centre, London, April 23 to 26.

Anyone would think Sony are the only people who make video for business.

All the companies on this page use the Sony U-matic video system. They're also some of the most successful companies in the country. What a coincidence.

To: Bill Rowland, Sony (UK) Ltd, Commercial & Industrial Division, Pyrene House, Sunbury Cross, Sunbury-on-Thames. Tel: Sunbury-on-Thames 89581. Please tell me more about the Sony U-matic videocassette system.

Name _____
 Company _____
 Address _____

SONY.

FT-38 4/79

AUDIO VISUAL COMMUNICATIONS II

Electronic media bring major changes

THE AUDIO-VISUAL business 8mm film has overcome some of these limitations by sacrificing quality, but the innovation came too late—when television was beginning to bite.

Indeed, this had track record goes back to the beginnings of photography ("from today, painting is dead") and to the early days of cinematography (in 1897 Edison predicted a world demand for only 50 cinematograph projectors). And Cecil Hepworth, in 1901, reckoned that progress had reached such a degree of advancement that further advances would only come in specialised uses.

In the film and television industries in the late 1970s, prediction is in danger of becoming a dirty word. Yet many journalists and experts are inevitably looking ahead, with little reliable information to guide them. Nonetheless, some facts are known from which any sensible businessman will draw his own conclusion.

The written or printed word has dominated civilisation as a method of recording and disseminating information. It has many limitations. It can be ambiguous. Its intended audience requires some years of training to understand the special codified language. It is susceptible to wide variations in personal interpretation. It requires concentration to fully absorb its messages. The technology for producing it on a mass scale is becoming expensive. It can be wasteful of storage space, cumbersome to handle and costly to distribute—due to its bulk and weight.

Against this background, photographic, film and television systems have started to offer real advantages. The photographic characteristics of the microform (for example, microfilm) have yielded a cautious beginning, taking the printed word and reproducing it more cheaply, more compactly and in a form where access can be very fast. Yet microform systems are a long way from fulfilling the dream of a revolution, because the viewing equipment is expensive and inconvenient to use.

Cinematography has introduced a new dimension to the communications process. But the apparatus required for 16mm projection is clumsy, expensive (£350 upwards), requires a special environment (darkened room), and the copies are susceptible to wear and damage.

The introduction of Super

television receiver in place of a white screen). But the transition to videocassettes is now inevitable, with new applications extending the market. Programme subscription schemes for doctors, for example, in UK, Germany, Switzerland, France and Australia. Librairie Hachette has launched a videocassette subscription service to provide news and national TV extracts for French people domiciled overseas and in UK Guild Television Services operate a similar scheme.

Until five years ago, television was almost exclusively an entertainment medium. But with the introduction of videocassette players, the individual has been liberated from the broadcaster and can use the television screen for selective purposes—just like the book. It is still at a crude stage of development, with replay equipment expensive (£600 plus, apart from the necessity of a

Machines have also penetrated

areas once the exclusive pre-tronics was yet to be experienced. The last 15 years has witnessed the decline or demise of many small- and medium-size companies in the business—coinciding with the Japanese challenge in cameras and television. It is now a mass market, even for industrial customers, where once it was bespoke. And in this climate only the biggest operators are likely to survive.

Thus, Britain no longer manufactures its own wholly home-based colour film system, nor 16 mm film projectors (except for specialist applications). British-designed cameras are almost a thing of the past, and no videocassette machines have

been manufactured in the UK since the failure of EVR (made by Rank Bush Murphy as it was then) and an even earlier system called Telcan (made by the Nottingham Electronic Valve Company).

Germany has fared little better with its photographic industry now removed from world domination by the Japanese and its involvement in video and television developments barely ahead of Britain—if at all now that the PAL colour television patents will expire soon.

France has stuck firmly to a course of new technology trying to challenge the systems of other nations—but with limited success. Only Holland, through

Philips, has remained a broadly-based and viable European challenger in the world audio-visual market place.

The future will see the early consolidation of the audio-visual industry into a business of size to be taken very seriously—where once it was forever trying to justify itself. As electronic media increasingly replace photo-chemical systems, development, capital and production costs could force more mergers, take-over or closures.

The final push will come as the audiovisual industry—which has based much of its growth on professional, industrial and educational custom—finds that it is in the mass consumer business.

When this happened to still photography, it transformed the photographic industry. It is now about to happen to the video industry, dragging with it a miscellany of other technologies which may well interface with the new electronic media—such as 16 mm film, microforms, audio-recording, even the 35 mm colour slide.

For success, operations in this rapidly changing field must be characterised by a broadly-based knowledge of all the media involved, an awareness of how they might integrate, and the technical and commercial experience to achieve the metamorphosis.

John Chittock



Philips started its test marketing of the Video Long Player Optical System in Atlanta, Georgia, in December last year, and hopes to follow this test marketing with national U.S. coverage in 1980. European marketing of the Video Disc System is also expected to begin in Britain next year. The player retails at £350 and discs produced by M.C.A. are available from £3 to £10, depending on content.

The dilemma raised by patchy statistics

THE QUESTIONS most frequently asked of journalists about audio-visual matters tend to be concerned with statistics. The current favourite is: how many videocassette recorders are there in British (American, German or Japanese) homes?

The very fact that journalists are asked such questions—when they would almost certainly publish such information if they had it—indicates not only the difficulty of acquiring such facts, but also the keen interest in their acquisition.

Trade statistics are, of course, important in planning marketing strategies, as well as monitoring progress.

Individual companies usually have no great difficulty in knowing their own sales record and can probably make intelligent guesses about their nearest competitors. But when it comes to a new area, such as home video, there is widespread reluctance to make any revelations to third parties. Thus, early progress cannot be monitored with any accuracy and uncertainty prevails.

Inevitably, the oldest established medium, film, is also the best served statistically. Most countries with any sort of film production or exhibition activity publish annual figures for feature films turned out and numbers of cinema seats and admissions. This is one of the topics collected in the *Unesco Statistical Yearbook*—a massive volume which is, perhaps understandably, usually at least two years out of date and, in some cases, several years behind.

In America it is box office receipts which serve as the yardstick for cinema industry measurements. The trade paper, *Variety*, lists interminable results from individual cinemas in all the main centres of population. Thus, claims of improvements in cinema fortunes may, in fact, not be strictly true in terms of popularity. Takings go up, because prices go up, but admissions still drift gently down.

In January, 1978, some 87m Americans went to the movies; in January, 1979, only 85m did so. In Britain, despite the advent of computers and the

dwindling number of reporting companies—there are now fewer than 1,000 cinema locations—it takes nearly six months for data to be published, so the figures for January, 1979, are not yet available.

The most recent data relate to November, 1978, when average weekly attendance (according to the Department of Trade) reached 2.75m—a massive leap from the 2.01m a year earlier.

Revival

But while the cinema goes through a rare revival, broadcast television continues to be the dominant and statistically most monitored of all media. The reason can be summed up in one word: ratings.

To support advertising rate cards demands and to prove value for advertisers' money, it is possible to find out the viewing habits of a representative sample of the public minute by minute, thanks to the metered sets used by Audis of Great Britain on behalf of the Joint

Industry Committee on Television Advertising Research (JICTAR).

A corresponding radio body, JICRAR, is now commissioning similar research. Into the audiences for its medium and may succumb to the same temptation to statistical overkill.

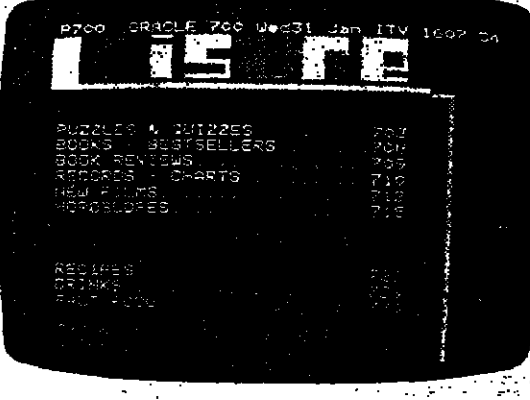
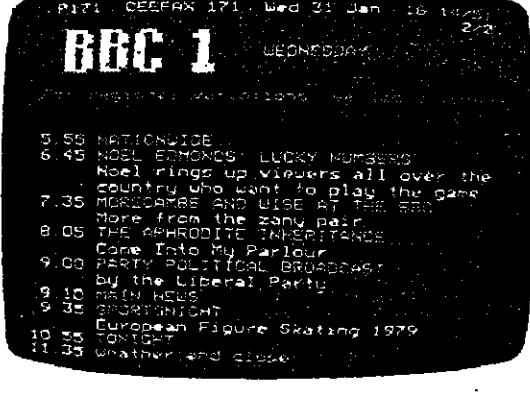
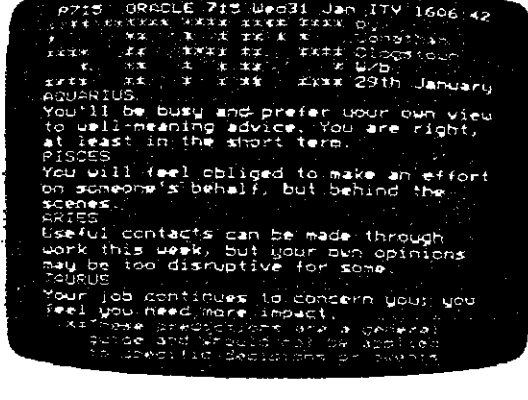
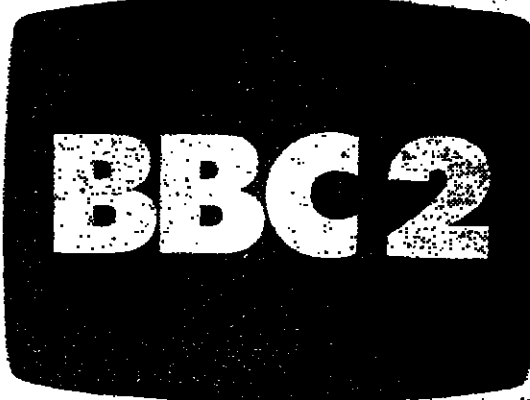
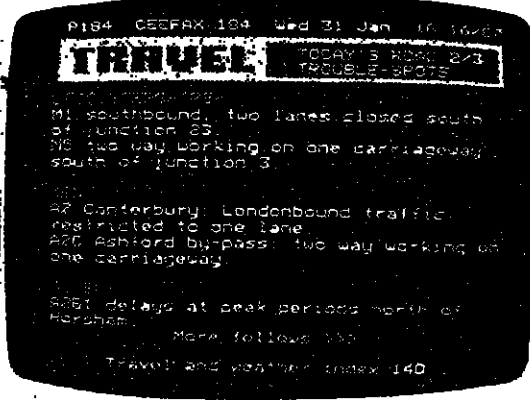
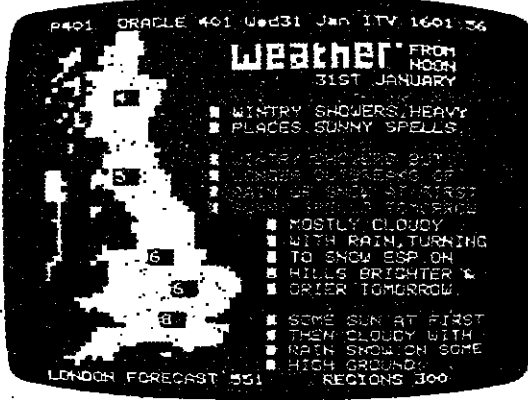
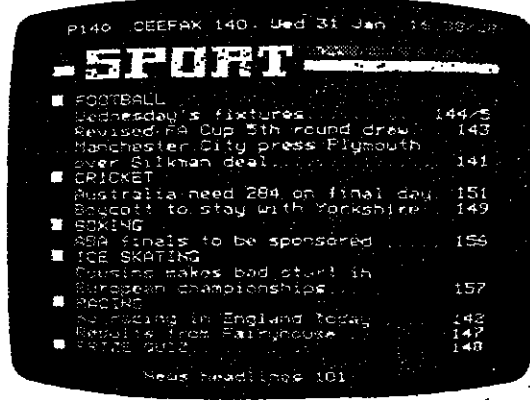
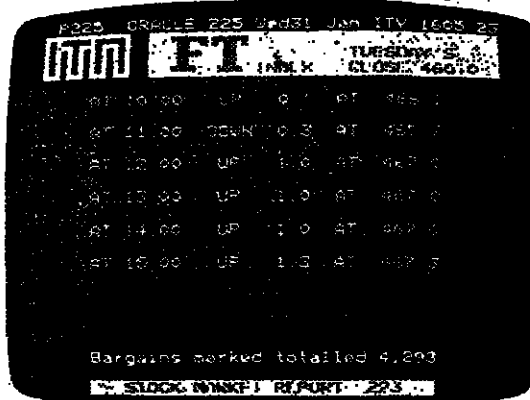
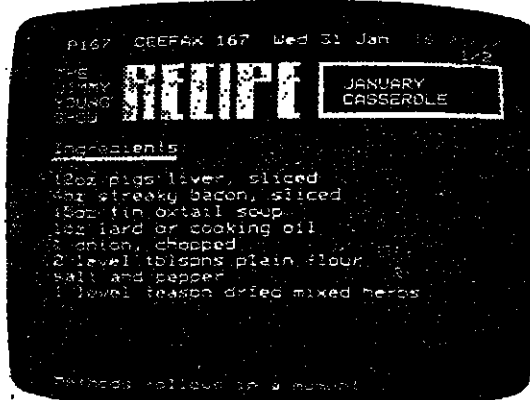
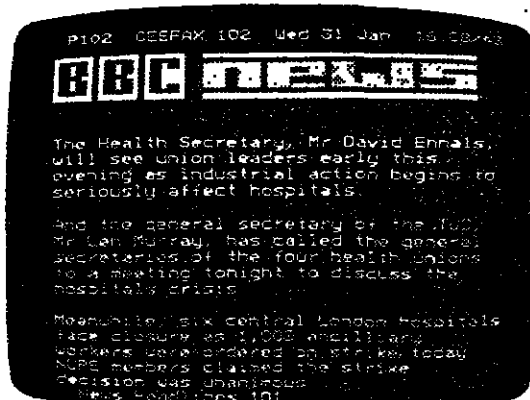
Apart from viewing and listening, the hardware of broadcasting is also counted, but here the continuing growth moves statistical monitoring into a new era.

No longer does the total number of television licences in Britain, and other European countries necessarily reflect the number of sets in use. Many people who buy or rent a new colour set do not dispose of the old black and white receivers and the home with two or more sets is becoming common and thus a significant factor in leisure time spending.

The use of the second set may be for video, games, personal computers or teletext as well as for, say, children's room viewing. All these innovations are

CONTINUED ON NEXT PAGE

PHILIPS



A choice of viewing on the Philips 674.

The Philips 674 is no ordinary television set. It's also a teletext receiver.

This means that the BBC's Ceefax and IBA's Oracle are available at a touch of the remote control unit.

These televised information services provide you with up to the second news, sport, weather reports and financial information.

Or more leisurely items like gardening hints, cookery, and quiz games.

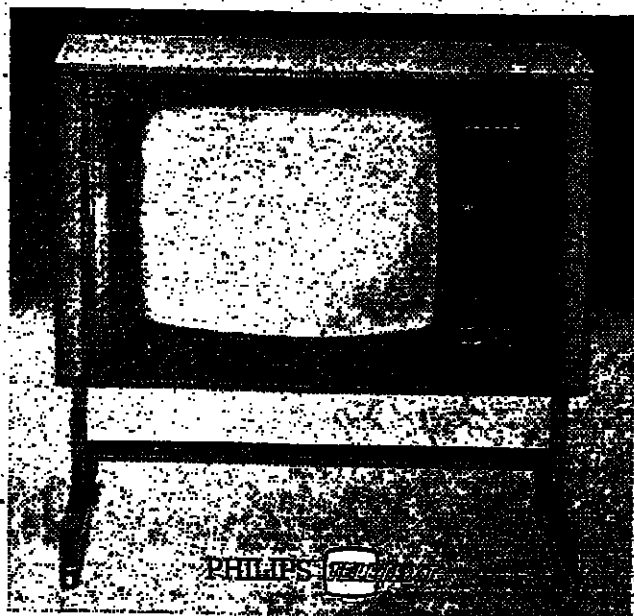
News headlines and the time can even be displayed as subtitles to ordinary programmes.

Naturally, the 674 also gives marvellous reception of BBC1, BBC2, and ITV on its 26" screen, and there's also a 22" Philips Teletext receiver available.

So whatever you choose to watch, there's no better choice than Philips.



Simply years ahead.



Moves to counter Japanese invasion

AT THE end of World War Two, Akio Morita and Lieut. H. Tokumitsu left the Japanese Navy and went their separate ways. Both had been influenced by their superior officer, H. Takayanagi, whose pre-war activity had included making an experimental cathode-ray tube television receiver.

All three chose electronics as the basis of their civil careers, Takayanagi and Tokumitsu going into business together, while Morita and another colleague, D. Ikuba, formed Tokyo Tsushin Kogyo (Tokyo Communication Industry).

Nearly 30 years later, in 1974, Tokumitsu and Morita found themselves on opposite sides of a commercial battle which has destroyed once and for all the myth that Japan Inc. is an economic unit fighting a continuation of 1939-45 hostilities.

Split

The Japanese video industry is split in two, unable to agree on a common standard between two not quite identical video cassette formats. As a result, television retailers throughout Europe and the U.S. find themselves having to choose between the Betamax format (developed by the Sony Corporation which Morita built on his original TTK) and VHS (developed by Nippon Victor under Tokumitsu's vice-presidency).

Japanese enthusiasm for a single video tape recording standard materialised in 1969 when the country's Electrical Industries Association formed a forum for the videotape standard known as EIAJ/1. This encouraged sales of industrial recorders in and outside Japan but lacked the compactness and long running time desired by the home user.

Several attempts were made to popularise smaller and more attractively presented video recorders, but with little success.

Hitachi and Mitsubishi saw co-operation with an American project as one way of achieving

a worldwide video standard. The format in question was EVR (Electronic Video Recording), developed by CBS Laboratories and using monochrome cine film as a colour television publishing medium.

In April, 1973, Hitachi announced itself ready to manufacture 2,000 EVR players per month. Mitsubishi similarly displayed its first player, followed in August by an improved model.

Within days of the latter's introduction, CBS announced its withdrawal from the London-based EVR Partnership.

EVR was a playback-only system and two months later, the entire partnership collapsed leaving Hitachi and Mitsubishi with redundant production lines, several thousand unsold players, and further wasted investment in an EVR publishing venture armed with Teijin Ltd. Two other Japanese manufacturers had shown interest in EVR, Toshiba having produced a few hundred players while Matsushita escaped prior to any major investment.

Ingenious

A patent dating back to 1959 formed the basis of a video tape recording format which in 1973 was nearing the end of its development stage at Sony. Prof. Okamura of the University of Electro-Communication had proposed an ingenious method of eliminating the unused space (guard bands) left to prevent interference (crosstalk) between adjacent magnetic tape tracks on the one tape.

The idea had been criticised as impractical when first published, since the system only reduced crosstalk at the upper end of the recorded signal spectrum.

In September, 1974, Sony felt ready to reveal blueprints of its hitherto secret Betamax cassette to the largest Japanese company active in VTR production: Matsushita.

Sony's earlier U-Matic industrial video cassette had enjoyed the support of Matsushita (under its Panasonic trading name) and of Matsushita-owned, but otherwise independent, Nippon Victor. Betamax was technically so far ahead of any contemporary format that Sony had every reason to expect its acceptance as a new EIAJ standard.

Reaction

The Matsushita management reacted favourably to Sony's proposal but stopped short of giving outright support to the new design. In October, Sony confidently approached Nippon Victor but received an even cooler reception from Morita's former colleague, H. Tokumitsu.

Unknown either to Sony or to Matsushita, Nippon Victor had been developing a low-speed video cassette on the same Okamura-influenced lines as Sony. Tokumitsu was delighted to find the Sony system offering only one hour per cassette against his own system's impending two hours. He dared not admit the existence of his system, VHS, however, since development remained six months or more from completion.

Morita now took personal charge of persuading Matsushita and Victor to adopt Betamax, waiting until April 1975, before announcing the new format to the Japanese trade. Only now did Victor tell Matsushita of the still unfinished VHS project.

News of this soon reached Sony which responded with a reduced speed two-hour Betamax. Matsushita remained undecided between the two formats until May 1976, when it finally opted for its subsidiary's design and, in so doing, ended any hope of early standardisation.

A combination of smaller recorder size and intensive selling put VHS ahead of Betamax in terms of worldwide sales and the line-up of licensee manufacturers for the VHS is

18 against 7 for Betamax. Much of the "support" in both cases is mere brand-name lip service, however, with such manufacturers as Akai and Toshiba anxious to re-establish themselves as pioneering designers.

How should European television manufacturers react to the present and future home VTR market? Many have become distributing agents for one or other Japanese format while others have attempted to compete with formats of their own (Philips with VCR and VCR-LP, Grundig with SVR, and BASF with much noise but no visible action on LVR).

Philips will shortly counter what it describes volubly as "the Japanese menace" with an eight or nine-hour cassette format using pure-metal-powder tape (all current VTR tapes employ oxides of iron or chrome).

Challenge

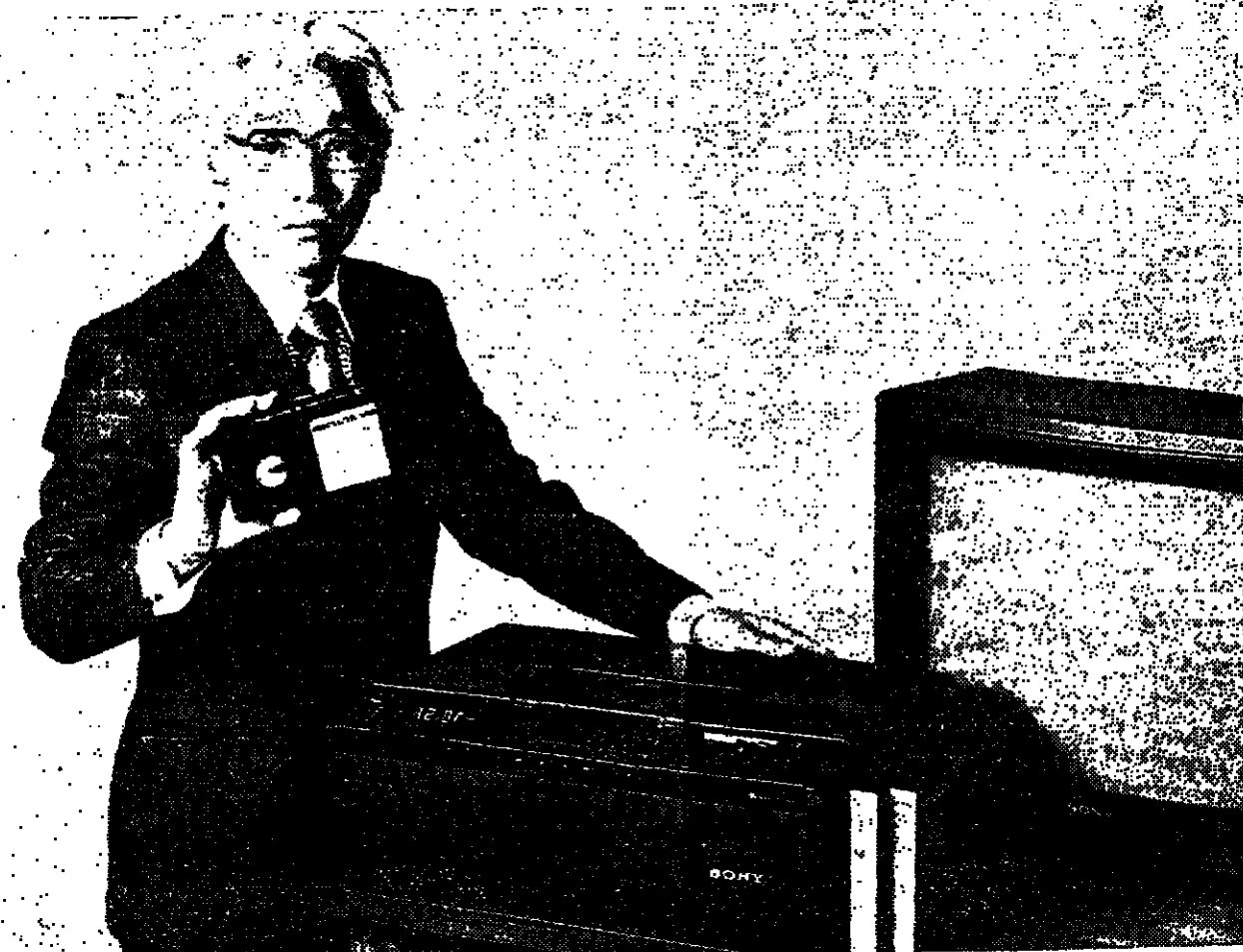
In Japan, meanwhile, steps are being taken by at least one manufacturer to leapfrog "the Dutch menace" by the extraordinary measure of introducing a digital video recorder for the home user... before a viable digital model has even been developed for the professional studio market.

Such a major move forward in technology will leave European industry with only one viable long-term option: the early development of microprocessor-based gigabit memories.

If Philips and its Signetics subsidiary can come to terms with this challenge, then Europe may well combat the Japanese invasion.

The application of such microprocessors will have profound effects on human activity, however, that one wonders who will find the time or motivation to watch television.

David Kirk
Editor, Video



Mr. Akio Morita, chairman of the Sony Corporation, demonstrates the Betamax colour videocassette recorder and a videocassette

Statistics

CONTINUED FROM PREVIOUS PAGE

too recent to be subjects for accurate data gathering.

In the U.S., allowance is now made for video games in the television ratings. Video cassettes are, however, just reaching the point where manufacturers are willing to reveal the extent of production and shipments.

Three sets of figures are now available where none could be prised out of any source only a couple of years ago. Production of video recorders, exports and imports are all documented.

The Japanese make most of the machines and their trade body, the Electronic Industries Association of Japan (EIAJ), publishes figures for manufacturing and exports.

Output of VHS, Beta and a couple of minor video cassette formats has been fluctuating a little during the last year between 100,000 and 180,000 units a month—up to three times as many as in the previous year.

According to companies' own statements, the balance is about

60:40 in favour of the VHS system. Exports hovered around the 70,000 mark for several months in mid 1978 before zooming up to nearly 120,000 as Christmas approached.

These figures seem reasonable and are in line with known output capacities of Japanese manufacturing plants. The export proportion seems a shade high and has been growing much faster than total production, but the reliability of overseas sales claims must be seriously questioned in the light of other countries' import figures.

Imports

According to the Customs and Excise Overseas Trade Statistics, Britain imported 54,673 video recorders from Japan during 1978—out of total imports of 95,584.

Statements of American imports vary between the Department of Commerce and the Electronics Industries Association.

tion, the latter being the higher figure despite the qualification that it relates only to EIA members' trade and is thus understated. The figure for 1978 is likely to settle around 400,000 units. Continental Europe probably absorbed about half as many again as the UK, so the total world imports from Japan in 1978 was around 550,000 video machines.

For the first nine months of 1978, Japan's stated exports exceeded 630,000 units. Thus the full year's exports are around 70 per cent higher than corresponding imports into the rest of the world. Somewhere, as many as 350,000 machines are unaccounted for.

This is a reflection of the intensely competitive marketing now under way and does little to inspire statistical confidence. Yet even where such boosting or minimising of the appearances of international trade are absent, statistics can be notoriously unreliable. Right up to the end of 1978, one of the UK

Government's Business Monitor series from the Central Statistical Office was indicating total sales of pre-recorded videotapes as too small to signify—i.e., less than £500 a year.

Trade in tapes on even some of the most obscure academic subjects may be in excess of that level: certainly overall trade in educational videotapes is not negligible and has been going on for well over a decade.

Statistically, audio-visual media are very patchily served. There are isolated exemplary models, such as the detailed computer-produced surveys of all educational a-v resources and usage put out by the South Australia Educational Technology Centre, and the excellent French film industry documentation. Progress towards more consistent, more detailed reporting of statistical data should be one of the aims of all countries' audio-visual industries.

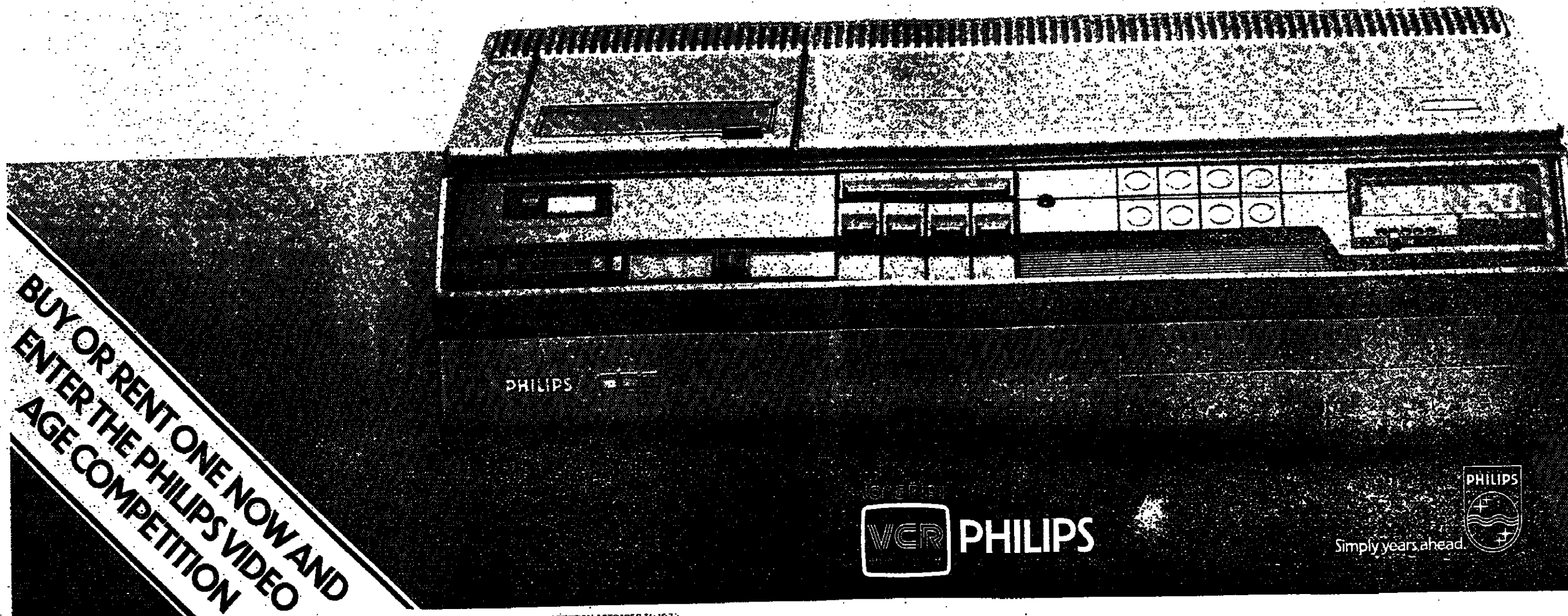
David Fisher
Editor, Screen Digest

PHILIPS

If you want a video cassette recorder that offers you over two hours playing time, there are plenty to choose from.

If you're looking for a video cassette recorder that can be programmed up to three days in advance, there are several alternatives.

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PHILIPS

VCR PHILIPS

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RECORDING AND PLAYBACK OF MATERIAL MAY REQUIRE CONSENT—SEE THE COPYRIGHT ACT 1968; ALSO THE PERFORMERS' PROTECTION ACTS 1958 TO 1974

AUDIO VISUAL COMMUNICATIONS IV

Slides become a best seller

"THE HOTTEST single medium today is the 2 in x 2 in slide"—that statement, of some concern to film buffs and video enthusiasts, is the opinion of Tom Hope, who is responsible for the prestigious Hope Reports on the state of the AV business in the U.S.

Hope's comment is based on the fact that slide-related business in America was worth in excess of \$1,200m last year. Slides are not only the biggest seller but also the fastest-growing area, especially since video hardware sales to industrial markets have started to show a reduced growth rate.

That's fine for the audio-visual businesses which have specialised in slide-related areas—but where does it leave the user? Fairly logically, slides have to be shown in order to be useful. Growth trends indicate that they can be very useful, so how are they being shown and what kind of equipment does the user need?

Applications

Assuming that most readers of this article are in industry or commerce (rather than amateurs from camera clubs who are pursuing different, more aesthetic, objectives) then there are probably four ways in which slides are effectively used to aid business communications:

- As speaker-support for meetings and conferences.
- In a single projector system (usually with cassette tape) as a small group training or sales aid.
- In a twin-projector system which cross-fades from the one slide to the next without having nasty, attention-diverting, black interludes.
- In a multi-vision/multiscreen/multimedia show with anything from three to 56 projectors.

All the application areas have very different control needs, so it is probably best to describe each kind of system in order to examine what is available:

- 1-Speaker - support: slides are a neat way of providing visual aids for a meeting in that they are compact and easy to transport, can use full colour, easily cope with a mixture of photographs and graphics and are relatively easy to present on screen.

In this case, the user normally wants slides flashed up to illustrate specific points, rather than to be on screen continuously. As long as the

speaker and his/her assistants remember to put dark slides in the right places in the projector magazine (so that the projector can be left on, even when there is no picture wanted on screen), control can be effected quite simply by means of a remote-control cable, or by means of a projectionist working with a properly cued script.

If the speaker wants to ad lib, then the use of a remote control system is a must—the only problems arise when the speaker is nervous or can't see the screen! The use of an operator demands more preparation (not a bad thing, necessarily), and allows for more sophisticated effects, such as hand-controlled fades from one slide to another.

2-Sound and single projector system: in technical terms, single projectors are fairly easy to control by using an electronic switch to "hear" pulses on the sound track of the tape. (In the UK these are usually recorded on a separate track on the same tape and cannot be heard by the audience; these pulses control the projector to change to the next slide.)

Back-projection units—usable in daylight on desk top—such as the Singer Caramate, Bell and Howell 697 and Fairchild units, have been extremely successful as training aids and are very reliable.

Several standards exist covering the control system and many of the machines are compatible: a single 1,000Hz pulse on the control track is the norm for use in Britain, although many programmes have 50Hz (audible) pulses as well, so that the programme could, if necessary, be used without the control equipment by changing the slides manually and can also be shown on American equipment still using the 50Hz system.

3-Sound and two projectors—this is where the problems start because the control equipment has to tell which projector to change. Use of two projectors is desirable because there are no visual interruptions during the slide changeover and because more complex effects can be achieved. The most basic of these is the crossfade—where the slide on one projector fades out as the other fades in.

In the early crossfade presentations the most widely-

used control system was based on the recording of a continuous signal on a control track. The way in which this signal varied "told" the dissolve unit and the projectors what to do. After a few false starts, manufacturers settled down to a principle of frequency modulation (FM) which has since worked well, in most cases.

The programme control frequency is produced using a type of electronic slider and its advantage is that practically any length of dissolve can be achieved. But there are problems: because a continuous tone is used, the whole programme has to be recorded in one go. The slightest operator error when programming means starting the entire presentation all over again. Editing, that is moving a slide change point or

changing a dissolve speed, also means a complete re-programme. As a result, frequency modulation systems tend to be seen as the province of the persevering amateur enthusiast who has the time to produce it all correctly (and, perhaps, has steadier hands than the highly stressed businessman or audio-visual producer).

The main alternative is the use of an impulse system (press the button and it programmes a change, just like with a single projector). Such systems use pulses of different durations to give the control equipment the necessary information. In practical terms this means that the user is limited to a few pre-set dissolve rates (most systems offer at least two, plus a superimposition facility), but the whole business of pro-

gramme production and editing is made much less time-consuming and far easier.

With both FM and impulse systems (the latter is also known as "digital" or "pulse width modulation") there has been very little standardisation between manufacturers' variants. In other words, one could not expect to replay a programme made on an Electrosonic 3801 (practically an industry-standard digital machine) on any other manufacturer's product.

But there now seems to be some light at the end of the tunnel. Electrosonic, Imatron and a French company, Avitrac, have come to a preliminary agreement on a digital standard which looks likely to be accepted eventually as part of an IEC (International Electro-

technical Commission) standard.

If a universally-accepted digital system is achieved, making it possible to visit another company carrying just two slide trays and a cassette—rather than taking a pan-technician full of dissolve units, projectors, tape deck, screen and speakers—then slide/tape should become an even "hotter property."

4-Multivision: if it seems complicated to operate just two projectors, then think of the problems of talking to 30 or more! Multivision programming and control is very much the top end of the market and therefore a special subject on its own—but its rapid growth, growing popularity as a business communications tool and its technical sophistication make it worth a mention here.

Apart from a few systems which are basically survivals from another era, all the major control systems are based on microprocessors and computer technology. — Electrosonic's Microcuc and Memomaster programmes and ES3003 projector control system; the Show Pro and "Eagle" systems from Audio Visual Laboratories Inc.; Spindler and Sautpe's Director 24; other systems not yet seen in Britain from U.S. firms, Arion and Clear Light, and the French Avitrac.

The marketing revolves around two functions—projector control at the staging point and ease of programming. One suspects that the battle will never be won by one company because producers and clients need very so much and standardisation at this stage of development would probably

be rather damaging. Manufacturers are still breaking new ground and the technology is changing, therefore an artificial curb on development at this point would almost certainly be undesirable—even if it could be achieved.

Summing up, control systems have come a long way in recent years. Basic standardisation of the single-projector programmes has been achieved; a standard for twin-projector shows looks sure to emerge.

When it does, the medium's other strengths—good image quality, high-fidelity sound and relative ease of programming—should keep it well up in Tom Hope's list of audio-visual growth media for some time to come.

Peter Lloyd
Editor, Audio Visual

More material for training classes

FROM A period of only seven or eight years ago—when teachers and training officers were still extremely short of training films and largely reliant on American material—an acceleration has taken place in programme production in Britain.

The result is that today's trainer—in most fields—now has a remarkably large and expanding choice of audio visual materials.

He can call, for instance, on several major resource centres such as the libraries of Guild Sound and Vision, Rand Aldis, Training Films International, the Central Film Library and its regional branches in Scotland and Wales, Millbank Films and Video Arts.

In addition, there are a whole host of smaller distribution centres with training material ranging from, say, the British Insurance Association's film library to specialist producers, such as Macmillan Film Productions and Multimedia Ltd. And to these must also be added the principal sponsored film libraries of organisations such as Shell, British Petroleum, British Rail, and ICI, which also stock many productions with a direct or indirect training purpose.

For their part, distributors and libraries generally report

steady growth in hirings and sales to existing customers, plus a healthy flow of new users coming along month by month. While one reason for this is the new onus on companies to train and communicate, contained in recent legislation, as in the health and safety and pensions fields, distributors themselves are also increasing their promotional efforts by way of Press relations, preview screenings around the country, direct mail, and advertising.

Even the Government-run Central Film Library, for instance, has recently been running major advertisements in national newspapers, as well as management and other technical publications, to promote its training titles.

The net result, therefore, is that in place of the long period of resource impoverishment, the training officer can now face considerable problems of selection. He often has a choice between two or more "rival" productions on the same subject. He must choose, sometimes, between British or American material—for example, excellent but very different films on time management have recently been produced on respective sides of the Atlantic, both available from different libraries.

The training officer is also

faced with a choice between programmes originated on film, on videotape, or on slide and tape—again on similar subjects such as participation, but with very different production styles and impact.

Another problem, of course, is simply that of actually locating films or programmes on a particular subject from an increasing array of catalogues, leaflets and promotional material on literally hundreds of productions.

It's a sign of the times, therefore, that we are now seeing the development of organisations, resource sources and activities which seek to provide effective answers to these problems.

For example, a relatively new company, Meeting Films Ltd., not only offers its own selection of films with a motivational or training impact for use at sales and other corporate "happenings"—they include some clever and highly pointed extract films from the "Muppet Show" series—but will also advise and obtain films for companies' specific purposes. Individual AV consultants are offering similar services.

Again, Bowker Publishing, notable for their Books in Print reference source for librarians and the book trade, are moving into the audio visual field with a four-part *World AV Directory*. This directory will initially embrace no less than 15,000 English language programmes, and there will be a regular updating service. Categories include training, self-development, science and technology. It is interesting to note that the work itself is being produced in an AV

format—that of microfiche—with a special viewer offered as part of the service.

Significantly, the latest information source for the training field, the monthly *Training Digest* publication also includes a film and AV programme section in each issue.

There is as yet no general previewing facility regularly covering all new releases from all sources and in all formats, although it must surely be only a matter of time before such a service is launched.

However, the selection screenings for the annual British Sponsored Film Festival—open to delegates at large—are a useful opportunity for trainers to see substantial numbers of training films in the relevant entry categories.

Previews

The organisers of this event, the British Industrial and Scientific Film Association, are also co-organisers with the Lorch Foundation of an annual three-day event, the Training Film Festival, which provides a useful previewing facility.

At this point, it is important to emphasise that in selecting training films there is no final substitute for a painstaking reviewing of material by the training officer, with his or her detailed knowledge of training groups and their needs. The requirement, for example, may be for a film which is primarily motivational and attitude changing—or the need may be best met with a film which is

more didactic and practical. In general terms, the former is probably best served by film; the latter is often most effectively accomplished by film strip or slide/tape.

The trainer also needs to consider the group's likely reactions. Will they find, say, an American film absorbing because of the relevance of its training content, or will they find the different industrial environment, culture and idiom either irritating or laughable and, in either case, dismiss the message?

Again, he must consider whether the level of training content is right. Showing, for instance, a sales training film which is too elementary or simplistic in its approach and content for an experienced sales force will probably be a waste of time—and could even cause resentment.

Similarly, first line supervisors may well find many supervisory training films too academic and removed from their immediate problems and pressures "at the sharp end."

Another consideration is whether the programme will be used by the training officer himself or by line managers possibly less skilled in the presentation and use of audio visuals than himself. In the latter case, he needs to look particularly closely at the quality of the support materials—the printed students' and leader's guides.

Such supports are now normally offered, but the standard varies considerably and, in far

too many cases, is still skimpy and superficial. However, the quality of guides is worth watching as well because it often directly reflects the amount of research and thinking which has gone into the programme itself.

It is no accident, for example, that some of the programmes which have proved most successful in "cascade" training—Multimedia's *Critical Path Analysis*, *Report Writing* and *Reading the Balance Sheet*—have been accompanied by most detailed user's guides. It is these materials—as much as the impact and information of the audio visual itself—which contribute to real effectiveness.

The key point, of course, is that films and AV programmes do need to be used in a direct and active sense—it's not enough just to show a film. The most successful and enthusiastic users of audio visuals are those who integrate the materials into structured training exercises which have defined objectives, relating to a group's situation and needs, with proper follow-up.

A final word: most people agree that the film medium has tremendous impact—but such a statement needs one serious qualification. Used well, this impact will help produce beneficial and effective results for the trainer, but if the wrong films have been selected and/or if they are badly used, then the deficiencies are there for all to see, with equal and glaring force.

Clive Jones

Video Surveys in 1979

The Financial Times is proposing to publish two further surveys during 1979 on the video industry.

HOME ENTERTAINMENT September 15

This survey will cover the important and expanding market for Video systems in the home. It will also cover the more traditional areas of home entertainment such as television and hi-fi.

VIDEO SYSTEMS October 8

This survey will cover in detail the developments of the technology of current systems and review the increasingly diverse markets in industry, education and communications.

For further information about advertising in either of these two important surveys please contact:

Chris Manson,
Financial Times,
Bracken House, 10 Cannon Street, London EC4A 4BY.
Tel: 01-248 8000, Ext. 7063.

FINANCIALTIMES
EUROPE'S BUSINESS NEWSPAPER

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

Choosing and using safety films

EVER SINCE the former Ministry of Labour produced its first two safety films, "No Accident" and "Lifting" (in the early 1940s) there has been a more or less continuous campaign to reduce the number of accidents in industry.

Even though ten times more people are killed by accidents in the home or by motor vehicles, the latest figures reveal that far too high a level of casualties occur at work. In all, 430 people were killed, and nearly a quarter of a million injured, in industrial accidents in the first three quarters of 1978.

Thus, there is plenty of scope for more progress in accident prevention, particularly since a further seven or eight million workers were brought within the scope of the Health and Safety At Work Act for the first time this year.

It should not be forgotten that industrial safety is no longer the sole responsibility of management. Workers themselves may be penalised by the courts under Sections 7 and 8 of the Act if they contribute towards an accident. Only 18 were prosecuted for this during 1977, but enforcement is increasing: 20 were convicted during the first three months of 1978—mostly for horseplay.

Industrial accidents, in general, are however declining, mainly because of changing attitudes—and nothing has done more to help change attitudes than the booming business in films, video, and tape/slide programmes on safety training.

The Central Film Library have 83 safety titles in their list, including the 20 films so far sponsored by the Health and Safety Executive. These films are available for borrowing free or at low prices.

Guild Sound and Vision have 55 listed films. Millbank Films have 22, and others are active in this field, including the nationalised industries and the industry training boards.

Catalogue, which is published annually.

In the early 1970s, management training films were the biggest growth area in the training market, which itself has long been the backbone of the sponsored film industry. But now management training seems to have reached a plateau, while safety training continues to grow.

John Minoprio, of Training Films International, for instance, reports that in 1978, 45 per cent of their turnover was in safety programmes while this year all the signs are that the figure will be 60 per cent.

Expansion

Millbank Films are up 100 per cent on last year's business in a market estimated to be worth £2m in 1978—and which should be worth more this year.

Programmes originate in a variety of ways. Gerald Boarer, films officer of the Post Office, says that accident reports there are studied carefully and the feed-back more or less dictates the subject of his next film. As a result, his latest is for first-line supervisors on how an investigation into accidents should be conducted.

Michael Capon, the films officer of Post Office Telecommunications, finds one of his most important sources is ideas from his 52 safety officers in the regions. As an example, his film "Cater for Safety," deals with ways of safely using kitchen equipment. Most of these safety films can be made available by the Post Office to the general public.

John Goodwin of Millbank Films says that they either use their own film to spot a gap in the market—or seek suggestions from their customers. Often they receive as many as 1,000 replies.

Films which have arisen from consumer demand include the award-winning fork-lift truck film, launched in 1975, entitled "In Safe Hands." This film was originally requested because it was felt that manufacturers' own films often took too specialised a view. The fact that this method of selecting

subjects works well for them may be judged from the outright sale of 1,500 copies of the 1974 film "Make Light Of Lifting." Hirings have brought in close on £10,000.

"Don't let him die," a film on first aid to the injured, originated in the Ministry of Defence (Navy), which had the vision for commercial distribution through Hugh Marsh of Stewart Film Distributors, with the result that 1,551 copies have been sold with an English commentary. Thus, the taxpayer wins his money back with a little more besides, and the film has been shown over the world.

It is even available in an Arabic version. Recouping the cost of safety films is not, however, confined to the public sector. British Oxygen's most successful film, "Weld In Safety" (handled through the same distributor, although originally intended for internal use) has since shown a handsome profit after being offered on the open market.

While J. Lyons and Co., which has made its own safety films since the early 1970s, through an in-house film unit, at a cost at today's prices of between £7,000 and £8,500 a film ("Key To Cleanliness" on hygiene in food manufacture and "The Uninvited Guest" on fire prevention in hotels, are examples), have recouped their expenditure on each film in two to three years. One has even done so more than six times over.

Although films attract the most attention, there is a thriving alternative in tape slide programmes and film strips. These are usually available for outright purchase only, not for hire, and they have the advantage that they cost less to produce.

Dr. David Riley of Trent Polytechnic, Nottingham, is producing some for higher educational establishments, so that young people entering industry for the first time will have some idea of safety precautions before they begin. His first title is "Eye Protection."

The Construction Industry Training Board have made a number of films on the dangers

of working at heights—for example, the film "Ladder Safety."

But safety programmes are not necessarily made with only big markets in mind. Cheshire County Council's training department have made a tape-slide programme on the Health and Safety at Work Act, as it applies to local authorities. And the Health and Safety Executive have made a film on the hazards encountered on confined spaces in shipbuilding.

The Furniture and Timber Industry Training Board have sponsored films on safety in timber yards and forests. No matter how minor the interest, the chances are that there is a tape-slide programme or a film somewhere that will serve the required purpose.

The safety film "explosion" is not yet over, but they no longer tend (except for specialised films) to be as authoritarian, list of do's and don'ts. John Burdett of Sorel Films believes that there is a great need for originality in treatment as the only way to maintain interest since there are now so many programmes available.

But film-makers should always beware of trying to shock people too much. As Jim Hammer, Chief Inspector of Factories, comments, "Safety films have to provoke reaction—not revulsion—and the portrayal of the emotional torture caused by accidents arguably has a more lasting impact than a moment of physical suffering."

Kenneth Myer

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كتاب المجلد

New alternatives to photography

FOR MOST of the time since Daguerre produced portraits of his contemporaries in the 1840s on plates of polished silver, the exact recording of real life (by a combination of optical lens and light-sensitive material, which we call photography) has been dependent on the properties of that metal.

Although the colour films and prints of today retain no silver in the finished product, it has played an essential part in the original exposure and processing.

And even in the early days of television—as recently as 20 years ago—the only way of permanently recording the picture produced by the electronic camera was to photograph the TV screen, using a cinematograph camera and silver-imagining black-and-white film.

But the revolution resulting from magnetic videotape has completely transformed the technology of recording motion pictures. The output from the electronic camera can now be recorded, edited, transferred and copied without any photographic process being involved and, by a complete reversal of history, it is now cinematographic films which are being converted to videotape cassettes to reach a wider field of distribution than the cinema theatre.

Will there be corresponding changes in other audio-visual applications?

● **Non-silver photography:** In the field of graphic arts there has been an immense amount of research and development. Now, neither silver-containing light-sensitive film nor the camera lens itself are essential links in the reproduction sequence.

To record an image formed by light there are several alternatives to silver-based chemistry, many of which have already become familiar as document copying methods. Some of these are based on common metals—iron (as in the engineering blue-print process), copper, lead—and others on cadmium, titanium or manganese.

Others make use of photosensitive organic compounds which, on exposure, couple to form coloured dye compounds: the diazo papers used for reproduction of documents and drawings are well-known and are now available for the preparation of transparencies.

Unlike silver salts, which must usually be carried in a somewhat delicate, gelatine layer—the emulsion coating of regular photographic film—some of these new materials can be made as an integral part of a wide variety of plastic

supports or even glass, so that the image is permanent and highly resistant to handling and ill-treatment.

Some of these systems can yield grainless images of very high resolution and are therefore of great importance where much information has to be packed into a very small area.

In some cases, a form of chemical processing is required to produce a visible picture image but others can be developed solely by the application of heat.

Another interesting image-forming system is known as the "vesicular" process, which is also developed by heat. The photo-sensitive coating consists of a thin layer of thermo-plastic resin containing a diazo compound which is decomposed by ultra-violet light.

When heat is applied, the decomposition products form minute bubbles of gas, the vesicles, which are permanently trapped to form the image when the resin hardens on cooling. The bubbles are so small (about one micron across) that fine detail can be reproduced and projected as a transparency slide or motion picture.

Non-silver image systems have, however, two important limitations: their sensitivity to light is generally low, although this allows them to be handled with-

out special dark-room precautions, and their response to colour is restricted. These characteristics mean that their place is more in indirect recording and in reproduction than in original camera exposure.

Methods

● **The scanned image:** Perhaps the biggest question in future audio-visual methods is whether the visual image will be recorded as a recognisable picture at all.

The frame of a regular motion-picture film, a slide or a film strip, is a simple representation of reality which can be examined directly by the viewer's eye under a magnifying glass or projected on a screen. But, all the same, information can be recorded and transmitted and stored and copied in many other forms, provided that there is a satisfactory method of eventually presenting it to the viewer at the end of the chain.

The concept of scanning—in which the picture image formed by a camera lens is examined and recorded as a series of lines—is familiar as the essential basis of television; but such line by line assessment need not be derived from a lens image.

In the graphic arts, the original copy, large or small, continuous tone picture, line diagram or type wording, can be scanned point by point using fibre optics, the continuously varying light output being analysed for intensity and colour and coded for recording.

Unlike broadcast television, the number of lines used to examine the subject can be varied as required, so that the degree of definition can be selected to suit the complexity of detail required, high definition scanning merely taking longer than low, which is immaterial with a still picture.

The recording, normally on magnetic tape at the present time, can be displayed or transferred to produce a conventional photographic image, for instance, as a set of colour separations, whenever necessary.

● **Video display:** Undoubtedly the question of the method of final display is of vital importance in considering AV systems: the way in which the videotape cassette can parallel the presentation of 16mm motion picture film is already obvious. And the arrival of the video disc will offer yet another source of electronic rather than photographic presentation.

Will this be repeated for the slide and film strip?

All videotape systems can provide a freeze-frame effect, whereby a single picture image from the moving scene can be held stationary on the screen for detailed study. With the video disc the same facility can be even more conveniently available—random access to any single picture of the whole programme is very much easier and more rapid across the surface of a disc than along the length of a videotape.

So it is tempting to think of a video disc containing an hour of motion picture playing time, representing some 90,000 image frames, as offering the equivalent storage capacity as 90,000 slides, and this is sometimes extended to suggesting that the contents of the Bible, the Encyclopaedia Britannica and the illustrated works of Shakespeare could all be contained in a single disc!

But the information which can be carried by a single TV frame conforming to current broadcasting standards is a great deal less than that of a single standard slide and still less than the capacity of the microfilm or microfiche used for document storage.

The presentation of the pages

of teletext or Prestel on our access to any picture line on its surface.

● **Storage methods:** There is a wide range of choice for data storage methods on such a flat card: magnetic coated materials are already available and have the advantage of convenient erasure and re-recording when alterations are required.

Where numerous copies of a set series of pictures are required (which we may regard as the equivalent of the photographic film-strip), the recording and reading techniques could well follow those developed for videodisks: optical scanning by laser beam, electrical capacitance or mechanical stylus and modulated groove are all possibilities.

An optical reading system, in which picture information is represented solely by a digital coded pattern of black dots, only a few microns in diameter, has already been developed for business data applications and could well be a pointer to future visual presentation methods.

And here it might be that the non-silver, light-sensitive materials of ultra-high resolution, which we mentioned earlier, could come to play their part in the new audio-visual field.

Bernard Happe
Technical Editor, Screen Digest

Key questions in selecting the right equipment

IMPULSE, EGOTISM plus one-upmanship, or downright stupidity, permit any one from three and you have the reason for perhaps 10 per cent of the purchases of audio-visual equipment made in this decade.

The industry has no reason to be grateful for this part of its massive, growing turnover because of the bad taste left behind by unwise acquisitions which often prevents the same company, or indeed others, from taking audio-visual seriously ever again.

In the early 1970s a trail of cupboards filled with dust-covered video "systems" or 16mm projectors were testimony to the sales manager's fondness for gimmicks, or the training officer's desperate search for something more glamorous than the overhead projector.

In both instances the real blame would lie with whoever sanctioned the expenditure, whether it was for a complete video production studio or for a single Super 8mm "table top" projector.

The early days of audio-visual equipment, and particularly video, were pioneering times. They attracted people with traditionally-defined jobs who

recognised that they could enhance their careers but did not know how to explain the benefits that only they seemed to recognise.

So in many cases it has taken bad experiences, or more probably other companies' good experiences, to educate top management. The acceptance level of video in particular is much higher in the U.S. where a bigger country and looser thinking have speeded thousands of people into jobs specifically created for the corporate media effort.

Ever since the audio-visual boom began commercial users have ploughed on without ever taking time to consult the users who have been involved with it the longest and who have managed to do it with much tighter purse strings—the educationalists. The drastic cutbacks in public spending and education is ability to buy new equipment coincided with the sudden acceptance of audio-visual in business; which, ironically, happened because in a time of recession the cost-effectiveness of film and video became apparent.

There is only one place in the UK where rival types of equip-

ment are displayed side-by-side for potential buyers/users to compare and that is the National Audio Visuals Aid Centre in Kilburn, North London.

Unbiased

The centre's scope to serve more than the education field has not been publicised enough. Now that it is funded by local authority money I have no hesitation in recommending that for anything from the overhead projector up to 16mm—taking in much of the film strip projectors, suitable for any training/education use—this is the ideal place for a first study on the road to making a purchase. Here you cannot be bothered by bias or sales pressure.

A journalist is not the person to give consultancy advice on the selection of equipment beyond perhaps hinting that the VHS videocassette machine to hire but not buy yet is the Panasonic. This recommendation has left my lips over 100 times, while in 10 years I must have referred 500 telephone callers to NAVAC.

The rules for buying audio-visual equipment are as simple

and sensible as those adopted so expertly for the acquisition of photo-copiers or computers. They are:

1. Establish exactly what you can do with the equipment you propose to buy that you cannot do already: hiring or leasing rather than buying more equipment may be the obvious choice and, if software is needed, an outside producer may also be necessary.
2. Do you have the personnel qualified to make the best of the equipment? If not is it worth paying another £6,000 a year, or is it going to be a short-term job?
3. If you are a department within a company do your purchase have to conform to all the others? For example, it sales uses Super 8mm, for which it can provide increased revenue, should training adopt video rather than Super 8mm.
4. Consult the three available sources of information for background material. Read magazines and if they do not have the article that you want phone and ask when it was published. Attend exhibitions or visit dealers' showrooms and ask for demonstrations. Join whatever

body on the users' side you can—in video it could be the International Television Association—and ask to visit established facilities and talk to their operational personnel. Better to be a nuisance than regret an impulse buy.

5. If you invest on an internal production group do not expect it to produce straight away, but if you use a facilities company expect to pay heavily.

6. Think of audio-visual equipment as "capital." It can be written off over five years but you could get 10 years' service out of it. Audio-visual is a tool and should never be seen as anything else.

Within two years the prime application area for video in the UK will be for corporate communications. Training, the application that started the ball rolling will be No. 2, and education looks likely to revive and stand third. The individual who is unaware of anyone else using audio-visual equipment is the one most likely to make the slip up. He is the one no one minds talking to, but will he listen?

George Jarrett
Deputy Editor, Audio Visual

A glimpse of the growing choice of audio visual equipment for security and other applications is indicated by this selection from the National Panasonic range of closed-circuit TV surveillance products. The cost of a complete system, comprising three cameras, a sequential switch and two monitors could be "only a little over £1,000," say the manufacturers, who are also introducing new equipment in every section of the company's product range.



Please send me on approval (sale or return):

206 Safety in Industry (Eye & Skin) 1-2	<input type="checkbox"/>
228 Safety in the Laboratory	<input type="checkbox"/>
250 Safe or Sore? 1-2	<input type="checkbox"/>
263 Noise & Hearing 1-2	<input type="checkbox"/>
495 Prevention of Chemical Burns 1-2	<input type="checkbox"/>
303 Hazard Spotting in Industry 1-2	<input type="checkbox"/>
309 Manual Handling in Industry 1-3	<input type="checkbox"/>
323 Abrasive Wheels 1-2	<input type="checkbox"/>
331 Hazards in Hospital 1-2	<input type="checkbox"/>
323 Practical Laboratory Safety	<input type="checkbox"/>
341 Health & Safety in Shops and Offices 1-5	<input type="checkbox"/>
355 Office Safety 1-2	<input type="checkbox"/>
357 Crime Prevention: Walk in Thief	<input type="checkbox"/>
362 First Aid in Industry 1-8	<input type="checkbox"/>
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Essential skills of the cameraman

TODAY'S audio-visual media has come a very long way since the days of the magic lantern, the extemporaneous commentary with thinking piano accompaniment.

The multitude of high-technology audio-visual applications tend to blind users to the fact that the roots of the subject lie deep in still photography.

Motion, as seen on the screen, is, of course, an illusion created by a rapid succession of still images. High-speed cinematography (using electronics to frame at in-

credible speeds per second) creates "stills" for immediate analysis. The dynamic credits which flash across our television screens are essentially stills, projected at a speed which produces animation.

Yet still photography has become the poor relation of the audio-visual field. For example, with tape/slide programmes every year sees more companies wasting small fortunes on increasingly sophisticated hardware, while failing to invest wisely in the photographic quality of the projected

image. No amount of slick synchronisation, ear-battering music and high-powered commentary will save a tape/slide programme which basically lacks good photography. The image received by the human eye represents over 80 per cent of the total information acknowledged by an individual's senses at any one time. Where attention is concentrated, as in audio-visual presentations, the proportion is even higher.

Traditionally, the still camera was simply a recording tool. As

long as the image was sharp and identifiable the user could be satisfied. Today, however, there is a much more complicated role for the image to fulfil; it not only has to inform, but to persuade, to stimulate, to excite.

Ordinary photography, readily provided by advanced "point-and-shoot" cameras, is not enough, although the camera is still the only instrument able to provide the right type of image cheaply and consistently. It can do this only if used with skill, and with a genuine understanding of the underlying purposes of the presentation.

Abilities

Thus, the audio-visual photographer must be able to span the spectrum of abilities between the purely technical and the entirely subjective in producing artistic interpretation of the producer's concepts.

The script may, for example, call for the camera to submerge its vision into a glass of bubbling health salts, or to probe the minuscule streets of architects' models. It may call for glamour photography—perhaps the easiest subject in which to fall into the trap of poor taste.

Coupled with electronics, a single slide can originate an open-ended variety of colour derivations. High-speed still photography can stop the speeding Superman in his tracks, or strobe lighting create a sequence of images representing a complex movement on a single frame. Whether the photography employed is simple or advanced in technique, it is quality and professionalism which will finally set the seal of success on any audio-visual programme.

Photography may have become audio-visual's poor relation because its preoccupation with quality robbed it of the ability to shout loudest in the market place. Let this dissuade no potential AV-user from listening to the quiet counsel which will eventually save

money and immeasurably increase the chances of reaching their target audience.

How much will good photography cost? The answer cannot be clear-cut, for photographers' fees vary widely and, while the best is never cheap, neither in context—need it be expensive.

The Institute of Incorporated Photographers, whose membership covers a broad spectrum of practitioners, estimates that there are perhaps 8,000 photographers throughout the UK who are, or have been, involved in audio-visual stills production, and that the total turnover is not more than about £1m per year.

Fees range from as little as £100 per day to £1,000; naturally, such differences take into account the service offered, and the prestige of the photographer involved. The size of the organisation, whether it be a studio with a score of em-

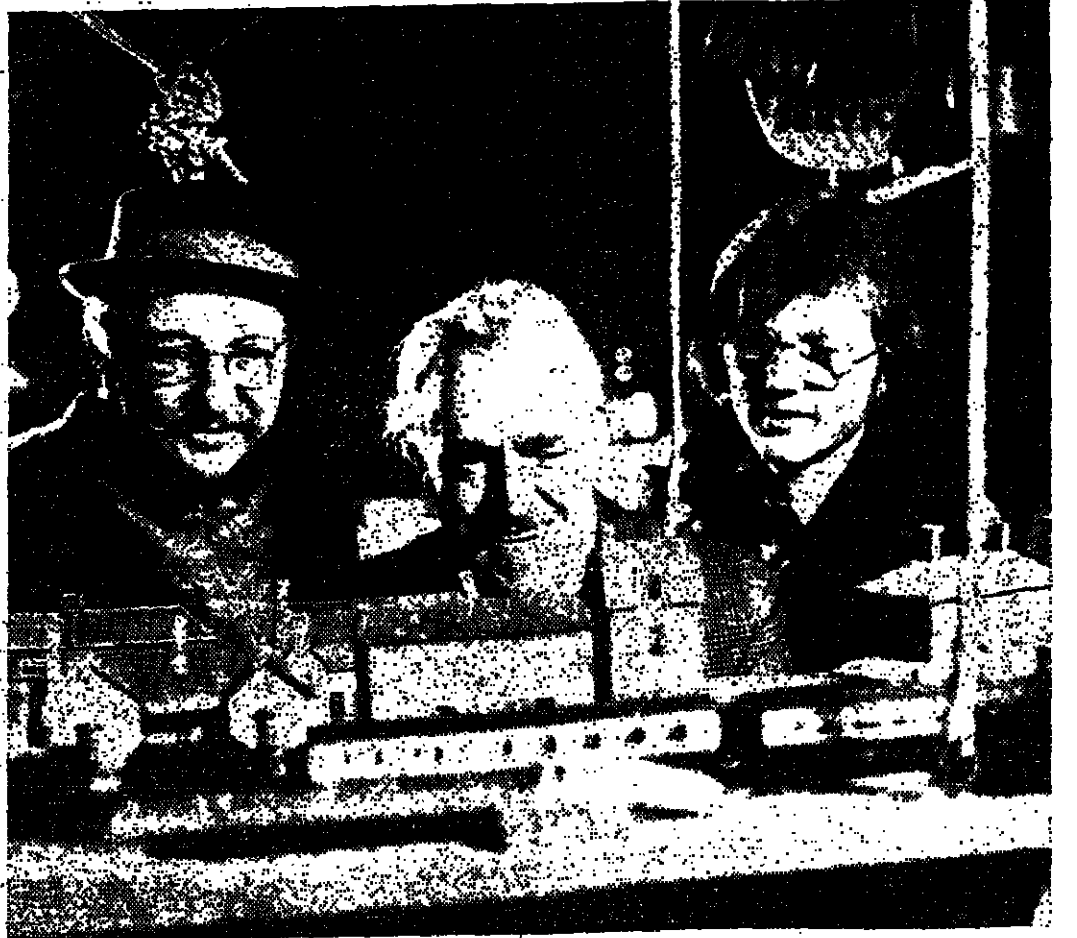
ployees, or almost a one-man business, has virtually no effect in a situation where personal expertise and artistry is concerned.

Quality

Many "top-liners" appear to operate on the proverbial shoestring, gold-plated though it may be. Whatever the case, it is the quality of the image above all else which creates the essential rapport between communicator and target audience.

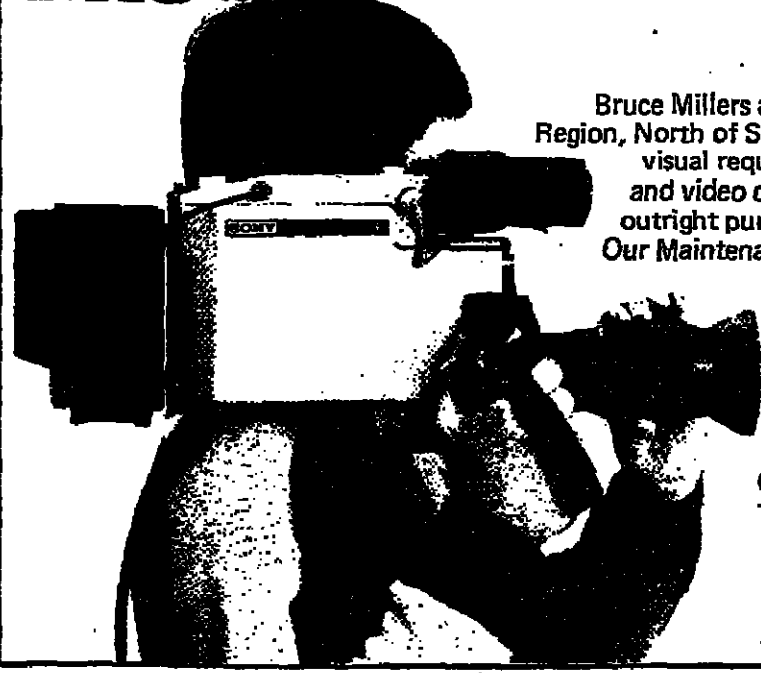
Without that, the 700 per cent growth in world, audio-visual hardware sales, the growth over the next decade—to £10bn in monetary value for all forms of AV sales, will represent only one of the most prodigious wastes of capital and initiative that western culture has yet produced.

J. Charles Hall
Editor, Industrial and Commercial Photographer



A "still" from the soon-to-be-launched Millbank film, "One in Five," on the theme of coronary prevention in the business community

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LOMBARD

Just like old times

BY TERRY DODSWORTH

LORD OLIVIER at the height of his powers could not give a finer impression of a man absolutely at peace with himself and the world than Mr. Raymond Barre, the French Prime Minister. He has sailed serenely through the steel industry crisis, lecturing the French public at every opportunity on the need to face economic realities. No one could pretend that the homilies have made him popular. But up to this point, at least, there are no convincing signs that his policy will not stick.

The main charge against the Barre Government's handling of the steel crisis is that it has been insensitive to the social problems that were bound to follow in the wake of reorganisation. It has been accused of inflexibility and failing to sell the plan to the workers; instead of negotiations and a sugar pill, say critics, it has offered a fait accompli and a series of sermons.

A classic

It is a fact that the presentation of the reorganisation plan was a classic piece of French dirigisme. The workforce simply woke up one morning to be told that it would be subjected to the most draconian cut-back the European industry has seen—more than 20,000 jobs in the space of two years. But as the action developed the Government has at least demonstrated a coherent strategy.

The first point about this is that the authorities saw the need to act quickly. This was partly because of electoral considerations: having avoided action last year, at the time of the general elections, it wanted to get the action over before the run-in to the Presidential campaign of 1981. But it was also due to the state of the industry's finances. With debts of FF 38bn (\$8.5bn) against an annual turnover of FF 34bn, the steel companies were in a hopeless mess. The second principle of Government action has been to hit hard and talk afterwards. It knew that the reorganisation of the industry was long overdue and that it had to be radical if the country was to stand a chance against European and international competition. Even now some industry specialists do not believe that it has gone far enough in terms of integration.

The third aspect of the policy

was to try and absorb some of the reaction the plan was bound to provoke by rolling out an enormous financial cushion. The State will pay the pensions of workers on the early retirement roll, pump money into the steel regions to prime new investment and finance the training centres created to soak up any surplus unemployed.

From the start, the Government has given the impression of working on the principle that every man, even a hard-core Lorraine steelworker, has his price. The cushion has been gradually peddled out so fast by the end of February, when the steelworkers with the unions began to draw blood, the authorities were able to say that no one eligible for a job in the steel regions would be actually out of work this year.

More recently, the authorities have switched their attention to the two main trouble spots in the union movement against the steel plan. These are at Longwy in Lorraine and Denain in the north, both company steel towns which will be very hard hit by the cuts. The problems in these areas lie behind the decision by Usinor, the largest of the two steel companies, to roll back its redundancy programme this year and begin to tinker with its reorganisation plan.

Not altered

The unions are naturally pleased with this weakening of the principle of negotiations. But it remains true that the fundamental reorganisation plan has not been altered. And in the meantime, Usinor's policy seems to have driven a wedge between the two main steel industry unions, the Confédération Générale du Travail (CGT) and the Force Ouvrière (FO). From Mr. Barre's viewpoint, these signs of dissension must be a welcome indication that the Government's policy is winning some disciples, even in the black spots, where the wave of protest action is dying down. In other parts of the industry it is clear that there is no move of overwhelming militancy, as Mr. Barre has always argued a demonstration planned recently in Dunkirk, one of the bright spots of the French industry, ended in a fiasco.

Indeed, in both Dunkirk and Fos, the other big new- and therefore safe-from-closure steelworks—the current strike is about money, not jobs. Just like old times, in fact.

LEAVES OR flowers: which matter most in a garden? In the summer months we would have to give first place to flowers. The weeks for roses, peonies and irises leave most gardeners feeling that they do not have enough of them. But in mid-April, there are the evergreen leaves which have seen us all through a bad winter. There are the hints of the new ones, curled and bunched in those extraordinary shapes.

Fine shrub

I have been trimming a plant of the lovely cut-leaved golden elder, a fine shrub for a half-shaded place. It has the most enticing leaf buds which swell, uncurl and at first stand out like frills along the stiff branches. Unfold themselves prettily, it persuades me that in late spring, the first place goes to the leaves not to the flower-buds.

Among these leaves, there are many which are still far too seldom considered as a force in their own right. If you ever see plants of the variegated irises at a garden centre you would join the rest of the gardening public if you found them hard to resist. Who could possibly want some small golden conifer when there are leaves with such a straight and smart line to them?

April and May are the

months which will lure you to buy these several garden centres offer them in black polythene containers, well-grown, well-priced and well-set with those striped emergent leaves which sum up the freshness of a new season. If I wanted a quick off-the-peg buy to cheer things up, these are the plants I would look for.

GARDENS TODAY

BY ROBIN LANE FOX

After mid-June they are not quite so marvellous. The bloom of youth is off the leaves. The bugs are on them instead. But they are still good enough: what then, are their needs?

There are four main varieties, all of them excellent and two of them on general release. The most elusive is the fine evergreen variegation on the native gladiolus iris sold as *iris foetidissima*. This is a very useful plant because it will last the winter in a shaded bed, just the place when you want the lighter green to its ivory and darker green leaf. It is well worth the hunt if you are as bored with the bergenia as I am, so alternative at ground level for dark and shaded sites which need an indestructible plant with wide leaves.

Beth Chatto, White Barn

House, Elstead, Market Colchester, Essex can usually send off stock of it. You probably know the plain green form notorious for its red yellow seeds in winter and the strong scent of roast beef when you crush its leaves. About 2 ft high a clump divides quite easily, though the variegated form is less vigorous.

There are various striped-leaved and grasses on the market, which find their way into the edges of small garden ponds because nobody has bothered to think of anything better. This tall striped flag iris is a better buy, especially as an emphatic plant for a focal point on a small pond's outline.

I write of it now because it is about to be seen at its best. Keep an open eye for the first show of young leaves. Until early June, they are in the prime, the equal of any flowering iris in the family.

I reserve the best buy until last. The striped form of *iris pallida* is often on sale now. A small iris which seldom goes much beyond a foot and a half of it is a plant to be massed in the front row of a border or set on corners so draw the eye to it. You need only a few plants at first as it soon spreads and can be again in spring or autumn by any

form. It likes a damp place, a careful gardener. My three plants of 1977 are now 25 in beside ponds on that dampish half-bad whose deep black soil goes over untidy boots. Some years ago, we showed a 500-year-old group in the garden for the Chelmsford show. It drew much comment and gained many new admirers, if only for an afternoon. Nurseries sell it as *iris pseudocorus variegatus*. There are no difficulties to it, but you must not allow it to sit for too long in a dry place.

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above the surface of the soil. In plenty of soil round it and keep the soil well forked in late autumn and early winter. Only where I have ignored this have I had any trouble in wet seasons.

From now until June, the clumps of this smart iris are spectacular. They combine well with any colour, their own flower being a pale lavender blue. I liked them among a running white campanula. But others might prefer to contrast them with a dark maroon or deep blue, a matching of light and dark which has not been exhausted in the opening of six garden's colours.

Toy industry 'slowdown'

BY ARNOLD KRAMSOFF

A WARNING of a slowdown in the growth of the UK toy and hobby industry is given by stockbrokers Grieson, Grant and Co.

Investment analyst Mr. John Stevens says in his latest research into the industry that the period of rapid recovery and growth experienced in recent years may well have come to an end.

Growth, although steady, may be at a slower rate, he says. Exports, which accounted for 39

per cent of total sales in 1977, no longer enjoy the advantage of sterling's weakness.

From now on, overseas markets may prove more difficult. Also, the profit of the toy industry, which has been in the doldrums since the late 1970s, may be under pressure.

Referring to the industry in the longer term, Mr. Stevens says that the prospects for the industry are bright.

Lyric Dance set for victory

LYRIC DANCE, from Jeremy Tree's Beckampton stable, could pull off the first major gamble of the season at Newmarket today.

The subject of some heavy tote Free Handicap, being Lyric Dance, has been the most likely to 3-1 and it will take a very smart performance to beat her.

RACING

BY DOMINIC WIGAN

It is true to say that for a filly with just two runs behind her as a juvenile the official handicapper stuck his neck out in allocating Lyric Dance 7 st 10 lb in the Free Handicap published on December 7.

After conquering Town Lady at Salisbury by 1½ lengths on her debut, Lyric Dance was beaten by the same margin by

the current 1,000 Guineas joint favourite in the Blue Seal Stakes.

Although her conqueror's victory in the Newmarket Houghton Stakes was undoubtedly better than that achieved at Ascot, a 7 st 10 lb free handicap mark for Lyric Dance appears a somewhat unflattering assessment in contrast to One In A Million's 8 st 11 lb.

In what promises to be one of the most informative Tote Free Handicaps in recent years, I hope to see Lyric Dance prove herself another notable standard bearer for Lyphard in the classics, with a clear-cut success over Indian Brave, a Middleham challenger who landed a £4,000 event at Doncaster on his debut.

Another fine race is the Earl of Sefton Stakes. Although only six are due to line up, the nine furlong Group Three event makes up for a lack of quantity with quality in depth. Hawaiian

Sound bids to give weight to Don Spring in Deepsea, Thatching, Fair Season and Remainder Man.

Hawaiian Sound, very consistent throughout last season and the conqueror of M-Lobban in the Heath Stakes, has thrived, and I expect he will be successful again.

Remainder Man, another to have edged on his opening two seasons last season, is not top class but peak fitness should gain him a runner-up place.

Tromos, one of the shortest-priced favourites in the history of the 2,000 Guineas, was beaten fair and square by Lyphard's Wish in yesterday's Ladbrooke Craven Stakes.

NEWMARKET

2.30—Zedative
2.35—Hawalian Sound***
3.05—Lyric Dance**
3.35—Vagly Great*
4.05—Rodin
4.35—Cranbourne Tower

HITV

9.35 am Antiques Classics. 10.15 Welcome To The Cell. 10.40 World Keeping. 11.10 Alight Now. 11.40 World Keeping. 12.20 World Headlines. 1.25 Report Wales. 2.00 News. 2.30 Crossroads. 3.00 Report Wales. 3.30 Emmerdale Farm. 4.00 The World's Worst. 4.30 The World's Worst. 5.00 The World's Worst. 5.30 The World's Worst. 6.00 The World's Worst. 6.30 The World's Worst. 7.00 The World's Worst. 7.30 The World's Worst. 8.00 The World's Worst. 8.30 The World's Worst. 9.00 The World's Worst. 9.30 The World's Worst. 10.00 The World's Worst. 10.30 The World's Worst. 11.00 The World's Worst. 11.30 The World's Worst. 12.00 The World's Worst. 12.30 The World's Worst. 1.00 The World's Worst. 1.30 The World's Worst. 2.00 The World's Worst. 2.30 The World's Worst. 3.00 The World's Worst. 3.30 The World's Worst. 4.00 The World's Worst. 4.30 The World's Worst. 5.00 The World's Worst. 5.30 The World's Worst. 6.00 The World's Worst. 6.30 The World's Worst. 7.00 The World's Worst. 7.30 The World's Worst. 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Rhodesia goes grimly to the polls

BY MARTIN DICKSON in Salisbury

AFTER demonstrating its military bravado with a spectacular attack on the Lusaka headquarters of Joshua Nkomo, the Rhodesian Government yesterday began staging its controversial internal settlement elections under conditions which throw a very different light on the country's military position.

Some 80 per cent of Rhodesia—including virtually all African rural areas—has been under martial law for several months, illustrating the sharp increase in guerrilla penetration over the past year. And to counter guerrilla threats to disrupt polling, the Government has had to order a general mobilisation of white men—even those in their fifties—in the biggest security operation ever mounted in the country.

As the raid on Lusaka shows, the Rhodesian military remains a formidable and efficient fighting force. But the vast area now under martial law demonstrates how the escalating guerrilla war is stretching those capabilities to the limit. Taken together, the raids into Zambia and martial law illustrate a simple but central fact about the war: neither Mr. Smith and his black partners in the "internal settlement"—Bishop Muzorewa, the Rev. Sithole and Chief Chirau—nor the leaders of the Patriotic Front guerrillas, Mr. Nkomo and Mr. Mugabe, are anywhere near victory on the battlefield.

But since each side still firmly believes that it will eventually emerge the winner, there is little hope of an early end to the fighting, which is becoming increasingly internationalised and more and more of a threat to the stability of southern and central Africa. Last week's Rhodesian attack on Lusaka, for example, was acutely embarrassing for President Kaunda.

It is against this sombre background that this week's elections for 72 black seats in the House of Assembly of the new state of "Zimbabwe Rhodesia" must be seen. Whatever the outcome of the poll and the composition of the new government, the war is not going to stop suddenly. And yet the political leadership in Salisbury seems to be maintaining a remarkable degree of confidence in the future, pinning its hopes on the war more efficiently. Furthermore, the installation of a black Prime Minister (almost certainly Bishop Muzorewa) would increase the rate of defections from the Patriotic Front armies.

Confidence

As a result, the theory goes, the war would gradually wind down, white confidence would be retained and in the words of Bishop Muzorewa, this would allow the country and all its people to "progress along sound political, economic and social lines."

Central to this optimistic stance is substantial U.S. Congressional support for the internal settlement and the hope that the Conservative Party will win next month's British election. The Tories, it is hoped, will return Rhodesia to a state of legality provided this week's elections are regarded as "free and fair" and produce a reasonable turnout, supposedly demonstrating popular support for Zimbabwe Rhodesia's new constitution.

But the new constitution is itself a subject of great contro-

very because it represents a very much watered down concept of majority rule, with whites retaining a share of power out of all proportion to their numbers.

For at least the first 10 years of independence, whites will retain 28 out of 100 seats in the House of Assembly, 20 of the 72 being elected on a separate white voters' roll (already voted for) and eight by members of the existing Parliament. The net effect is to give Mr. Smith's Rhodesian Front a clean sweep of all the 28 seats.

In addition, for the first five years of independence, the Government will be one of "national unity" with Cabinet seats allocated in proportion to the number of seats each party gains in the House of Assembly. As a result, whites, who comprise only 4 per cent of the population, will automatically hold a quarter of Cabinet seats. One of them could be occupied by Mr. Smith, who has been returned to Parliament unopposed.

It is equally important that key institutions such as the police and security forces have been taken out of the control of Government and placed under the jurisdiction of independent authorities which, on paper at least, are likely to be controlled by whites for the foreseeable future. The whole structure is guarded by entrenched clauses which can only be overturned by 78 members of the House of Assembly—thus giving the whites a veto.

With little to choose between grandiose promises being made by the three major black parties—Bishop Muzorewa's United African National Council (UANC), the Rev. Sithole's Zimbabwe African National Union (ZANU) and Chief Chirau's Zimbabwe United People's Organisation (ZUPU)—the only real interest of the election campaign has been the immense



An airman guards one of Salisbury's main roads in the bid to prevent terrorist disruption of polling.

effort being made by the Government to get a high turnout.

"We are all going to vote," is the campaign slogan. "That is what the people want." White householders have been issued with leaflets urging them to accompany their servants to the polls and farmers have been asked to "ensure" that their labourers vote. During the five days set aside for polling, mobile booths will tour factories gathering in the black industrial vote. All of which amounts to significant pressure on those blacks in the wage economy.

It has been accompanied by a crackdown on supporters of the Patriotic Front: nationalist sources say that more than 100 followers of Mr. Nkomo's ZAPU party have been detained in the city of Bulawayo alone for the duration of the election, while censorship has been lifted for the international press, it remains in force for the

Rhodesian media. It is very difficult to judge just how large the percentage poll will be—estimates range from 35 per cent to 60 per cent—and it will also be hard to judge whether the poll will have been "free and fair," irrespective of how scrupulously polling is carried out.

Opponents of the election criticise the fact that no electoral rolls exist, voting being by the party list system under which a party gains seats in proportion to its share of the vote, and that the Government has enfranchised anyone who has lived in the country for more than two years, irrespective of whether they hold Rhodesian citizenship.

But what matters more is the psychological atmosphere in which the election will be held, for all the indications are that Rhodesia's rural black masses, who comprise some 50 per cent of the population, live in con-

stant fear of intimidation, be it from the guerrillas, the private "auxiliary" armies loyal to Bishop Muzorewa and Mr. Sithole, or the security forces. Under martial law provisions, the security forces have adopted a much tougher approach to the rural tribal lands where the guerrillas are concentrated. Huts of suspected collaborators are burnt and food is being used as a major weapon of war—stores and grinding mills have been closed down over vast areas, making it more difficult for the guerrillas to find food, but also for the local population.

The African villager therefore faces a dilemma. He is likely to feel—rightly or wrongly—that if he goes to the polls he will face guerrilla retribution and if he does not he will be branded by the security forces or auxiliaries as a collaborator. At the very least, however, the election seems certain to

point up the continuing popularity of Bishop Muzorewa, whose well-organised UANC party is set to pick up by far the greatest number of seats. There are doubts whether the other parties will muster the five seats necessary to qualify for a place in the Government of national unity.

When the new Government is formed—probably not till late May or early June—Bishop Muzorewa will need to move swiftly to prove himself a decisive leader who can get results for the black majority, rather than being Mr. Smith's malleable lackey.

The Government will be equally hard pressed to maintain the confidence of whites, who provide the essential skills that keep the military machine in such good order. White morale has fallen badly in recent months and most people are adopting a "wait and see" attitude to the new Government.

There are indications that in some areas the deployment of auxiliaries to fight the guerrillas is yielding results, as is the security forces' tough line on rural food supplies. Bishop Muzorewa may also pick up a significant number of deserters from Robert Mugabe's ZANLA army. But that will not mean an end to the fighting.

Moreover, there must be strong doubts about a British Conservative government recognising Salisbury in the near future, whatever the outcome of the Rhodesian election. For one thing, Britain can ill afford to step out of line with the U.S. on an issue of such importance. At the moment the Carter administration is firmly opposed to recognition or the lifting of sanctions, although it is facing what appears to be strong and growing Congressional pressure.

Whichever party is in power in Britain seems more likely to

call for fresh all-party talks on Rhodesia. But the Bishop, in his present confident mood, may not be prepared to attend, and the Patriotic Front is not likely to be in any mood for compromise even if he does.

Cutting across this uncertain picture there is a host of powerful variable factors which make it impossible to make predictions with any degree of confidence. The most important of these are the positions of Zambia and South Africa. One of the most significant aspects of last week's Rhodesian raids into Zambia was the destruction of the Kazungula ferry between Zambia and Botswana. Zambia is now entirely dependent on the railway through Rhodesia for its vital trade with South Africa.

Demoralised

That must be a powerful Rhodesian pressure point on Dr. Kaunda and hence on Mr. Nkomo, whose forces are also likely to have been badly demoralised by the attacks. Yet at the same time the raids must increase the possibility of more direct Communist bloc involvement in the battle.

South Africa is also a major unknown factor. The Government there has recently been making noises about the creation of a powerful southern African bloc which would include Rhodesia. It is considered highly unlikely that it would commit troops to Rhodesia in any major scale, but it is not impossible.

All of this—plus a decisive western change of stance—could serve to prolong the life of the new Government of Zimbabwe Rhodesia or seriously internationalise the conflict. The only certainty is that much more blood will be spilt before a new order emerges from the chaos.

Letters to the Editor

Talking it over

From Mr. A. Furze

Sir,—Recent legislation in the U.S. has cleared the way for better and wider use of the communication network so that major telephone networks can be used for the transmission of computer and information-transfer systems or prevent development of alternatives like satellite communication. The very existence of "alternative" systems has already brought about introduction of modern telephone exchange equipment which is not based on 19th century technology used in the UK. The Election Hustus seems a good moment to put in a plea that a new Government of which every party should direct—encourage?—allow?—the Monopoly Commission, the Secretary for Prices and Consumer Protection, and the Restrictive Practices Court to widen the scope of their inquiries to cover nationalised industries, public corporations and the whole field of industrial relations.

A simple Bill could enable a commission to call for evidence from industries as disparate as newspapers and docks, or the Post Office, and enable both employers and unions to disclose details of the practices that prevail in the industry and the reasons why they think that these and their present "monopolies" should be maintained. Evidence should be published promptly, not after "industrial" into jargon by the Civil Service, so that there can be an informed discussion of the matters disclosed. Resistance to such disclosure should be argued in Court; explained, justified.

It is difficult to conceive any rational grounds (other than costs) why such an inquiry should be resisted by any of the parties involved, or why such disclosures have not been sought before.

A. W. Furze,
Norrish,
Mold, Chwyd.

Wealth tax on the elderly

From Mr. I. Gibb

Sir,—Rachmanism has infiltrated the Social Security system in a manner which will allow few of us to escape unless changes are made.

Under a formula laid down in the Social Security Benefits Act 1975 a person entering a local authority administered home for the elderly is assessed to a tariff of 26 per cent per annum (obscurely referred to as 25p per week for each £50 of resources) on personal capital over £1,250.

The commonest case, perhaps, is one of an individual, no longer able to cope with a house, selling up in favour of being looked after in one of these admirable homes. If that person has nothing but the proceeds of the house, say, £15,000 the tariff would be £3,950 a year—in addition to surrendering around 70 per cent of the retirement pension.

Readers will know that the net yield on gilt edged is in the region of 7½ per cent so that the capital levy is 18 per cent. That is what happens in the first year. In the words of the handbook "as a person's capital falls, the amount of the supplementary benefit will increase"—yes, the

department even describes the reduction of the capital levy year by year as an increase in supplementary benefit! If our old person "goes in" at aged 70 by the time he is 80 his capital will have gone down from £15,000 to £3,000. But never mind, he is approaching that area in the words of the Act where "capital of less than £1,250 is completely ignored." Capital of £1,250 in 1979 is hardly any capital at all.

These changes indicate me about these provisions. Here we have a member of the community, declining in physical and mental strength. The elderly know themselves to be so, and the thrifty among us anticipate the fact. Money saved during active life should be a positive counter to later physical losses. If the State takes away the comfort of saved money it adds to the burden of old age in a most barbaric way.

The Supplementary Benefits Handbook (para 31) says "in a means related scheme a person with appreciable capital must expect to spend some of this on day to day living expenses." What socialist claptrap. This really is dangerous stuff. The retired body in aggregate is the possessor of an important amount of capital which, be it placed with Government (voluntarily) or industry, provides a stable stratum of wealth significant to our national economic well being.

Sir, this is a political letter. Now at the time of a General Election people must be alerted to how far down the road to total Government control our lives have gone and insist that the process be reversed forthwith.

Ian G. Gibb,
23, Harestock Road,
Winchester.

Crusading zeal

From Mr. S. Penwill

Sir,—Mr. Callaghan is probably more apt than he imagines when he relates himself to the Crusaders. Those people set off with the good intention of putting the world to rights (religiously) and rescuing Jerusalem from the infidel, but eventually decided that there was more profit in it for them in plundering and pillaging.

S. W. Penwill,
158, Finchchurch Street,
EC3.

Monsters must be killed

From Mr. J. Humphreys

Sir,—I quote two passages from different parts of the Conservative manifesto 1979:—

(a) "This Government's price controls have done nothing to prevent inflation." (b) "In order to ensure effective competition and fair pricing policies, we will review the working of the Price Commission."

I agree entirely with the first of these statements, but am disappointed with the half-hearted commitment contained in the second. The only justification for a Price Commission or similar body, is to help to contain inflation. If it has failed in this, which it has, the reason for its existence has disappeared, and it should be abolished. No amount of reviewing or tinkering about with the mechanism will alter the plain truth that statutory price

controls do not work—as other countries have discovered. The Price Commission was set up in 1973, under the Counter-Inflation Act of that year—sadly the creation of the last Conservative Government. Industry has had enough of it. For the past six years, millions of executive man hours have been wasted in coping with its complexities, and with the many changes which have been made in the rules. Now we have no rules. The Price Commission, as reformed by the present Government in 1977, is a bureaucratic monster, with virtually unlimited powers.

Sir, there is only one thing you can do with a monster—kill it. Perhaps this is what the Conservative Party mean by "review"—if so, may we hope that, when they are returned to power, the "review" will be speedy and conclusive.

J. S. Humphreys,
17, Good Intent,
Edinburgh,
Bedfordshire.

Elected power

From Mr. D. Green

Sir,—Trade union and Labour Party leaders are seeking to resurrect the belief that Conservative Government will lead to confrontation with the unions. What exactly have been our experiences during this past winter if they have not been confrontation between the Government and the unions?

The distinction between Labour and Conservative seems to be purely that confrontation with Labour will arise to the extent that Labour will not play the tune demanded of it by the unions; confrontation with Conservatives will arise because they propose to change the formula—in future unions will not be quite so happily placed to lay down what the music shall be.

The relationship between 10m employees represented by organised trade unions and the rest of the community has increasingly degenerated. In modern times Sir Harold Wilson was forced to abandon his attempts at reform in the late 1960s, and when he won power from Mr. Heath in 1973 bought industrial peace at a frightening subsequent inflationary cost.

We cannot afford peace at any price, we cannot afford, in Anwar Bevan's phrase, to turn all four cheeks to trade union leaders. And if there is going to be confrontation anyway we may as well have it in the Conservative cause of redressing the balance of privilege which unions enjoy legally, rather than in the Labour cause of merely attempting to modulate the wildest excesses of the unions' established power. At least with the former we may eventually emerge less vulnerable to the excesses inevitable when power is wielded without responsibility.

David Green,
Rhyd yr Harding,
Castle Morris,
Nr. Ewefordwest.

Crying wolf

From the Secretary General, Food and Drink Industries Council.

Sir,—Even the most distinguished of columnists can, it seems, misunderstand what he reads. The first section of Men

and Matters on April 6 was headed "Counting the cost of crying wolf" and stated that the Food and Drink Industries Council in its latest bulletin admitted that it acted in the wrong way during the lorry drivers' strike "by shouting long and loud."

Both the headline and the comment were misleading. There was no question of crying wolf, since the dangers of a food shortage if the secondary pickets were not withdrawn from ports and plants was real and imminent. Neither was there a question of admitting that we acted in the wrong way.

Seeking however, to learn a lesson from the strike, which for the food and drink industries was a disaster costing many millions of pounds, the diarist in the bulletin posed the question as to whether, in all the circumstances which he set out in full, the Council would not have been wiser to make its urgent representations in private to the Government and the TUC, while taking in public the stance that the food and drink industries are well able to look after the public interest, no matter what the difficulties.

The article concluded by saying "It might be worth thinking about, next time round."

It must surely be prudent to examine one's actions and to consider whether one's policy should be changed, but this is very different from writing in the public Press that those actions were unwise.

T. V. N. Fortescue,
25, Victoria Street, SW1.

Jordan's role

From Mr. A. Kaye

Sir,—Dr. Jamal Nasir (April 7) presented a very interpretive account of historical events. I should like to offer another version of "Jordan's role" as seen, perhaps, in the starker light of reality.

The "1948 tragedy" did not come about out of the blue, as it were. It was brought about by five Arab States—including Jordan (at that time Transjordan)—which in defiance of a resounding United Nations resolution recognising the new State of Israel, attacked Israel with the aim of destroying her. In that war, King Abdullah sought to grab the West Bank and add it to his kingdom, regardless of whether such an action fitted in with the larger Arab scheme or not. This he succeeded in doing and illegally annexed the West Bank—an area which was designated for a Palestinian State under the 1947 United Nations partition plan. The only countries which ever recognised this annexation, were Britain and Pakistan.

Abdullah's successor, King Hussein had 17 years, from 1950 to 1967, in which to give the Palestinian people an independent State in the West Bank, if he so wished to do. But he did not. Dr. Nasir also refrained from mentioning that King Hussein, who now feels compelled to reject the Israel-Egypt peace treaty on the pretext that it does not "take fully into account the basic issues," savaged the Palestinian opposition in 1970, when they threatened Jordan's national interests.

Adam Kaye,
34 Elm Tree Road,
NW8

Today's Events

GENERAL
UK: BL (British Leyland) shop stewards meeting.

National Union of Teachers conference. The Spa, Scarborough.

National Association of Schoolmasters-Union of Women Teachers conference. Congress Theatre, Eastbourne.

National Union of Students' conference. Winter Gardens, Blackpool.

British Rail property board annual report published.

Confederation of British Industry monthly council meeting, London.

Heating and Ventilating Contractors' Association conference on solar heating, London Hilton.

Sir Kenneth Cork, Lord Mayor of London, presents prizes to winners of BBC's Money Programme competition at Old Library, Guildhall.

National Food Services Exhibition opens. Grosvenor House, London (until April 21).

Overseas: Supreme Soviet (USSR parliament) convenes for first session of 1979.

Three-day symposium on oil and gas opens in Luxembourg.

OFFICIAL STATISTICS
March provisional retail sales figures from the Dept. of Trade, February monthly index of

average earnings from Dept. of Employment, Building societies' receipts and loans for March, March basic rates of wages and normal weekly hours from Dept. of Employment, March cyclical indicators for the UK economy from the Central Statistical Office.

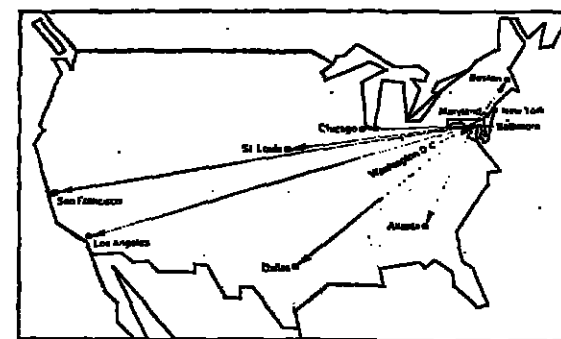
COMPANY RESULTS
Financial dividends: Alva Investment Trust, C. D. Bramall, Burnham Oil Company, J. J. Dewhurst Holdings, Norman Hay, Helepe of London, Pearson Longman, S. Pearson and Son, Senior Engineering Group, Standard Chartered Bank, Wadkin.

Interim dividends: Martonair International, Sun Life Assurance Society.

COMPANY MEETINGS
British Enkalon, Hyde Park Hotel, Knightsbridge, SW. 3.30.

Cornell Dresses, 242 Church Road, Leyton, 12. JCI, Royal Garden Hotel, Kensington High Street, 11. Invergordon Distillers, Merchants House, 7 West George Street, Glasgow, 12. Lunova Tea and Rubber Estates, 14 Great Tower Street, EC. 12. Midland Bank, 20 Aldermanbury, EC. 11.30. Plantation Holdings, 77 London Wall, EC. 12. L. Ryan, Park Hotel, Cardiff, 12. Squirrel Horn, Alma Lodge Hotel, Buxton Road, Stockport, 10.30.

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UK COMPANY NEWS

Currys reaches £12.2m after second half rise

IN THE second half of 1978-79 profits of Currys, electrical appliances, television and radio equipment retailer, increased from £7.09m to £8.39 taking the total for the year ended January 24, 1979, up to £12.19m, compared with £10.32m.

The profit was struck after a much heavier pension provision of £997,000, against £133,000, and an increase of £592,000 (£1.25m) in the provision for unamortised profit on credit trading.

Credit trading accounts at January 24 amount to £14.71m, against £13.47m, after provision for unamortised profit. The total provision carried forward is £9.81m, compared with £8.98m.

The dividend is increased from 4.6084p to 5.0692p net, with a final of 4.6092p.

After lower tax the net profit comes through at £8.06m compared with £5.41m. S&P 15 has been adopted and comparisons restated.

1978/79	1977/78
Turnover	100
Trading profit	100
Pensions provision	133
Net interest receivable	592
Prop. sale surplus	571
Buildings depreciation	251
Other depreciation	1,326
Increased provision	1,275
Profit before tax	12,197
Taxation	1,113
Net profit	8,084
To inflation reserve	3,750
Dividends	2,244
Forward	3,110

* For unamortised profit on credit trading.
1 After deducting deferred tax £2.42m (£0.39m) no longer required.

The significant increase in pension costs arises from higher benefits given to members from April 1978 allowing them to contract out of the State scheme. This has been partially offset by a reduction in National Insurance contributions of about £230,000.

The transfer to inflation reserve is based on the difference between profit on an historical

HIGHLIGHTS

Lex looks at the British Airways pension fund's £40m offer for Debenture Corporation and the unitisation proposals of View Forth in a day which highlighted the pressures on the investment trust sector. On the company front Dunbee-Comber-Marx proposes to hold its dividend for 1978 although after a collapse in profits the payout will no longer be covered. Meanwhile, at Currys, pre-tax profits are 18 per cent higher but margins are still under pressure. Elsewhere, Lex looks at the fledgling traded options market where premiums remain very high despite some fall off in activity.

cost basis and on a current cost basis. The comparative transfer has been revised from the figure published last year of £2.5m as a result of the change in accounting policy on deferred tax.

BATLEYS £1.7M ACQUISITION

Batleys of Yorkshire is paying £1.7m cash for the private company, S. Travis of Doncaster, thereby gaining increased geographical coverage and buying power.

Travis operates as a cash and carry wholesaler, principally in food and food stuffs in the Doncaster area. Batleys offers similar activities from warehouses at Huddersfield, Bradford, Sheffield and Preston, with a wine and spirit subsidiary in Wakefield.

Net tangible assets of Travis at June 30, 1978, amounted to £1,163,664 before deferred taxation of £488,049.

SOTHEBY PARKE

Negotiations have reached an advanced stage for the fixed assets and businesses of the fine art auctioneering department of King and Chasemore in Bournemouth, Sussex, and Humberts, King and Chasemore in Taunton, Somerset, to be

merged into the Sotheby Parke Bernet Group, for an aggregate consideration of around £900,000, with effect from May 1. The King and Chasemore and Humberts Partnerships will have a continuing interest in the businesses which they are selling.

DETAILS OF CI S. AFRICAN MOVE

After the flotation of its South African subsidiary, Caravans International will own 51 per cent of the capital; Senbank, 16 per cent; and the South African investing public, 33 per cent.

A total of 1,495,000 new ordinary shares in CI Industries are being issued at 145 cents per share, and the resulting R2.2m applied in part to redeem preference shares held by Caravans International and Senbank.

On the increased capital of 4.5m shares, CI Industries expects earnings to be 24 cents, and will pay a 15 cents dividend.

HAWKER SIDDELEY

In the Week's Financial Diary published in yesterday's issue, it was incorrectly reported that Hawker Siddeley would be holding its annual general meeting on April 20; the meeting is due to be held in June.



Mr. Basil Feldman (left) and Mr. Richard Beecham, joint managing directors of Dunbee-Comber-Marx.

DCM earnings will not cover dividend

BECAUSE of overseas losses and of Dunbee-Comber-Marx, the toy group, for 1978 will not be sufficient to cover a maintained dividend. Last October the directors said they expected the dividend to be maintained out of current earnings.

But the directors say they are confident of the group's underlying strength and they have declared an unchanged interim dividend of 1.65p and intend to hold the final at 4.0192p.

The Board reports that despite substantially increased and record profits in the UK, both in the toy and toiletries and DIY and, industrial divisions, losses have occurred, substantial in some cases, in certain overseas toy subsidiaries.

They say that although the final audit will not be completed until the second-half of May preliminary figures indicate that overall earnings in 1978 will not be sufficient to cover the maintained dividend.

A stringent review of all overseas operations is under way and, in particular, the U.S. management has been strengthened to help with the residual problems of the extremely rapid integration of Aurora into Louis Marx.

All UK resident members of the board intend to waive personal dividends on a total of 1,860,796 shares.

HAWLEY BUYS HI-FI COMPANIES

Hawley Leisure, the camping equipment group, is paying £540,000 for three hi-fi companies which trade under the name of Nusound. They are Magnatone Recorder Centres, the Tape Recorder Centre and Sypha Sound Sales.

Cosalt drops £0.5m after second half downturn

WITH A decline from £0.85m to £0.3m in the second half, 1978 taxable profits of Cosalt fell to £1.6m, compared with the previous year's record £2.1m. The result was struck after a £0.3m provision for possible non-recovery of a loan to an associate due to delay in completion of contracts in the Middle East.

Turnover rose by £5.9m to £29.51m, with exports accounting for £7.56m (£6.8m). Trading surplus, however, fell from £2.61m to £2.54m, with only the group's caravans division contributing an improved profit performance.

Mr. John Ross, the chairman, says a number of specific problems prevented 1978 profits from being better. These have been dealt with and with considerable capital expenditure coming into employment in its main divisions, he is confident that this year will show much improved results.

Tax for the year was greatly reduced at £0.16m (£0.5m), all of which will be deferred. After minorities, extraordinary items and preference dividends, profits available to ordinary holders increased from £0.95m to £1.56m.

From higher stated earnings of 14.27p (10.91p) per 25p share, the net dividend total is effectively lifted by 11.67p, or 9.4 per cent, to 2.54p, as forecast, with a 1.284p final.

The chairman reports that the group's ships' chandlery division faced more difficult trading conditions caused by the continued decline of the British distant water fishing industry and by 1978 being a year of low activity for oil-exploration in the North Sea.

The caravans division had a successful year's trading and continues to prosper. Larger premises have recently been

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corr. Total of dividend for year	Total last year
Areson	0.9	Aug. 1	0.69	0.34
Bristol Stead	0.33	May 4	0.34	0.33
British Car Auctions Int	0.87	May 4	0.66	0.66
G. M. Callender	0.72	July 2	0.72	1.32
Cosalt	1.29	—	1.18*	2.05*
Dreamland Electrical	4.97	—	4.5	5.07
Dunbee-Comber-Marx	1.65	July 2	0.87*	1.42
High Gosforth Park	1.65	May 31	1.65	1.57
Reed Executive	1.65	—	1.02	1.02
Reed Executive	1.65	—	1.02	1.02

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes additional 0.024853p.

acquired in Hull for Cosalt Holiday Homes which are at present being renovated prior to occupation later in the year. Management is facing 1979 with confidence.

Refrigeration and air conditioning did well to hold its position in that was climatically a most difficult year for this industry, Mr. Ross explains. The new year has started better.

Manufacture and export of commercial and decorated mirrors, which the group commenced two years ago, continued to be unsuccessful and therefore, the factory was closed down in February and the fixed assets sold.

The finance division is continuing to reduce its commitments though high interest rates inhibit early redemptions. Related borrowings are now less than £425,000, compared with net balances due from customers of £550,000.

The group's new venture, Air Wales, has proved a disappointment.

ment, the chairman states. During the past six months, costs ran above budget and revenue below. Although loss factors were still improving, it became increasingly apparent that profitability lay a long way ahead, he adds. Accordingly, the scheduled services to Brussels were discontinued earlier this month and the two aircraft have been leased out.

A revaluation of the group's properties in November, 1978, produced a surplus of £952,000, which has been credited to capital reserves. This represents 8.7p per share, giving a current net asset value of 71p per share.

Cosalt's comment

Cosalt's attempts to diversify out of ships' chandlery and caravans has been a disaster. Because of mounting losses, the company has been forced to pull out of two important areas—mirror manufacture and air transport, although the Air Wales internal service will continue under an agreement with the Welsh Development Agency.

These activities contributed to a very unhappy year for Cosalt during 1978. The main profits earner, ships' chandlery, suffered as a result of the problems in the distant water fishing industry while caravan manufacture—although the star performer with an impressive 50 per cent rise—was hit in export markets because of the rising pound. Elsewhere, the refrigeration division, only managed to mark time, while a £0.3m provision was deemed prudent to cover the possible non-recovery of a loan to finance the purchase of an aircraft by the Sudanese Government. With the loss-makers out of the way, the current year should be far less traumatic but Cosalt will again have to depend on its traditional activities. The shares are on a p/e of 3.7 at 54p, while the yield is 8.5 per cent.

View Forth in unitisation talks

VIEW FORTH INVESTMENT TRUST is holding discussions with a "well known" unit trust group which may lead to the amalgamation of the investment trust with a unit trust.

Shares of View Forth jumped 10p to 75p yesterday in response to the news, valuing the company at £21m. The net asset value at March 31 was 78.1p per share, after reducing prior charges at par and providing for contingent gains. During April, net assets have risen to about 80p per share.

The major investments of View Forth in the last balance sheet

were Commercial Union Assurance, Anglo American Investment Trust Charterhouse Group and Petrofina. Just under 77 per cent was invested in the UK, while 10 per cent was in North America, 5 per cent in Europe and 7 per cent in miscellaneous investments, mainly other investment trusts.

According to its own 10 year performance graph, it has beaten both the 30 share index and the All Share index over that period.

View Forth is a relatively small investment trust started by Brodies WS, a Scottish firm of solicitors, for its clients. The

directors say they want to provide their shareholders with an investment "which has a market value much more closely related to underlying net asset value than is the case at present."

The identity of the unit trust group in the discussions has not been disclosed but a spokesman for View Forth said "it was a well known and established group." Negotiations had reached a sufficiently advanced stage for an announcement to be thought necessary.

A further statement will be made in due course. Advisers to View Forth are Noble Grossart.

Upsurge at Reed Executive

AN ADVANCE from £0.89m to £1.03m in the second six months pushed 1978 pre-tax profits of Reed Executive ahead to a record £1.81m, compared with £1.06m a year earlier. Turnover rose by £6.8m to £22m.

After reduced tax of £287,000 (£559,000) actual earnings per 5p share are given up from 7.95p to 24.14p, and from 8.9p to 17.06p adjusted in respect of over-provision for tax in prior years.

A net final dividend of 4.0873p (4.0873p) is being paid from an equivalent 2.75p to 5.612153p including an additional 0.024853p in respect of the change in tax

rate. A five-for-three scrip issue is also proposed.

Comment

Reed Executive is making strenuous efforts to boost its investment appeal. The bonus issue will widen a tight market for the shares and confer trustee status while use of the dividend cover rule offers a yield of 6.2 per cent at 154p, up 13p yesterday. The impact of high operational gearing is amply demonstrated by the patchy track record but the buoyancy of the employment agency market and the effect of inflation on incomes was enough to lift pre-tax profits by 69 per cent last year. Profits took in a £317,000 loss on the

new Medicare division where the group believes starting up costs have now reached a high water mark. New-toiletory store openings may amount to six out of this year and, although Medicare may share the employment agency's problems in finding well sited new branches in a tight retail property market, Reed is confident that the cut-price toiletory market can live comfortably in Boots' shadow.

Medicare is not budgeted to prove itself for at least another 12 months during which time a fully taxed p/e of 9.4 must live with the fluctuations of an employment agency market where Reed claims to hold the largest individual share.

Schroders

The Earl of Airlie,
Chairman of Schroders Limited, reports on 1978

Group profit after taxation and transfers to inner reserves amounted to £4,943,000 (of which £674,000 was represented by extraordinary items) compared with £3,504,000 in 1977. A final dividend of 9.7746p per share is recommended, making a total for the year of 12.9024p per share compared with 11.5515p per share for 1977.

A decline in the earnings of the banking and insurance companies was compensated by improved results from the non-banking companies and from associates.

The profits of J. Henry Schroder Wagg & Co. Limited were below the record level of the previous year. The banking division's earnings from its lending business were, approximately the same as in 1977, but money market activities were less profitable. The investment division's funds under management continued to increase, but earnings of the company finance division declined largely because of a lower level of capital raising in the United Kingdom. The Schroder Life Group raised sales of both single and annual premiums to record levels. Schroder Leasing Limited achieved record profits and has been making an increasingly significant contribution to the earnings of the Group.

It was a particularly active year for our principal operating company in the United States, J. Henry Schroder Bank & Trust Company, which received a major increase in capital on 1st January, 1978. The increase has placed the company in a position to expand its loan portfolio substantially but this is being implemented gradually and prudently and, while the company increased its earnings, the full benefits will only accrue over a period of years.

In Switzerland J. Henry Schroder Bank A.G. again had a good year despite the adverse impact of the continuing appreciation of the Swiss franc on its substantial foreign currency earnings.

In Australia Schroder, Darling and Company Holdings Limited earned a record profit in the year to 30th June, 1978, and in Hong Kong Schroders & Chartered Limited also earned record profits.

Our banking and advisory activities in Latin America again expanded and the Group continued successfully to develop its activities in the Middle East.

Property Holdings International Limited, our joint venture with Lend Lease Corporation Limited in property development and investment in the United States, has been dissolved and the net assets have been divided equally between the two partners. The results of the company's final trading period showed a significant improvement on those of the previous year, although a small loss was attributable to our share in the joint venture.

This year sees the 175th anniversary of the foundation of our business, a business which now comprises a group with subsidiaries, associates or representative offices in every major financial centre in the world. The wide geographical spread of our network of offices and the close liaison maintained between them enables us to provide a full worldwide service to our clients. The real key to success, however, lies not in the offices but in the people who work in them. Their skill and hard work have brought us to the strong position we are in today and I am confident that we can depend on them for the future.

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Saturday April 21 1979

1979 1979

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At Morgan's New York headquarters a computer services specialist, pointing, shows international banking officers new system that gives overseas clients daily reports of activities in their accounts. Clockwise from left: Stephen Kirmse, Amsterdam; Arthur Rogers, London; Jean-Pierre Desbons, Paris; Philippe Coppe, Brussels; Eric Bourdais, New York.

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The Morgan Bank

Companies
and Markets

UK COMPANY NEWS

Dreamland turns Arenson jumps
in 64% rise to £431,000

TAXABLE PROFITS of Dreamland Electrical Appliances, electric blanket and fire detection equipment manufacturer, rose 64 per cent from £704,000 to a record £1,151,000 in 1978. Turnover increased 24 per cent from £8,731m to £10,832m.

At half-year, when there was a turnaround from a £21,400 loss to a £254,300 surplus, the directors expected full-year profits to exceed those for 1977.

Mr. Frederick Williams, chairman, now says the good first quarter and strong demand throughout the remainder of the year. The group increased its UK market share to 51 per cent while taking exports to 10 per cent of total turnover.

Orders and deliveries to the trade of its consumer products were at record levels in the first quarter of 1979, he says, and there should be further steady advances in sales and profits.

After higher tax for the year of £268,000, compared with £133,000, as a result of the full absorption of pre-acquisition losses of a subsidiary, net profit came through at £883,000, against £571,000.

Earnings per 10p share are shown to have risen from 5.32p to 5.43p. The net total dividend is effectively lifted from 1.2705p to a maximum permitted 1.4187p, with an 0.987p final.

Pre-tax profits were struck after lower interest charges and net royalties received of £12,000, against £38,000.

Sales of the group's Alarmline fire detection systems grew steadily, the chairman says.

Callender
falls to
£435,000

PRE-TAX PROFITS of George M. Callender and Co., manufacturer of bitumen damp-proof courses, fell from £562,600 to £434,899 in 1978, on higher turnover of £6,371,000, against £5,535m.

At half-year, when profits were down from £234,970 to £194,988, the directors said indications were that the second half would show an improvement.

After tax for the year of £208,585 (£280,368), started earnings per 10p share are lower at 3.3p, compared with 4p previously. The net total dividend is maintained at 1.32p, with a 0.715p final.

ECC REDEMPTION

English China Clays has bought for redemption a further £200,000 of 61 per cent debenture stock 1985-90. The balance outstanding for the stock is £1,911,972.

RECORD half-year profits and sales are reported by A. Arenson (Holdings), the wooden office and domestic furniture manufacturer. The taxable surplus jumped 55 per cent to £431,000 on sales ahead by 16 per cent to £2,654m in the six months to January 31, 1979.

The group is lifting its dividend to 30p per cent from 0.6917p per 10p share to 0.9p. The payout is 8.21 times covered, the company states, compared with 6.03 times. Last year's total dividend was 2.1345p from pre-tax profits of £288,000.

Mr. Archie Arenson, chairman, is looking for a good result for the full year, and he plans to consider adjusting the final dividend to a more realistic level, assuming his second half expectations are achieved.

He adds that all major divisions are progressing well. The group normally sees higher sales and turnover in the second half and Mr. Arenson expects this pattern to emerge in the current year.

The dividend hike was foreshadowed by the chairman in his last annual statement. He then said the recommended dividend was 21.3p per share and they considered this could be used as a reference level for raising dividend payments this year.

Tax for the half year takes £43,000, against £40,000, leaving profits of £398,000, compared with £248,000. Started earnings per share are well ahead from 4.15p to 7.39p. The cost of the ordinary dividend is up £10,000 to £42,000.

CU growth
in first
quarter

THE RATE of growth in premium income at Commercial Union Assurance during the first three months of the current year has outstripped that achieved in 1978. Sir Francis Sandilands, chairman, told shareholders at the annual meeting.

It was also announced that the proportion of the dividend paid as an interim will be increased. Comment about 45 per cent of the total from about 35 per cent in order to reduce disparity.

Service and
parts expansion
at Appleyard

A SPECIAL interest in vehicle service and parts is being maintained by Appleyard Group of Companies. Development of its facilities and parts shops contained during 1978 and new projects are being planned, says Mr. Ian Appleyard, the chairman.

Parts sales throughout the group exceeded £16m last year and the contribution to profits made by the service and parts departments together remains satisfactory. However, the return on investment in parts whole-sale has declined, he says.

The worldwide concession held by Appleyard Rippon for replacement parts on all pre-1955 Rolls Royce motor cars is proving increasingly valuable although requiring a substantial investment in stock, the chairman reports.

In 1978 taxable profit of the group advanced to £1,055m, against £1,038m, and sales were some £38m higher at £1,282m. As reported on March 28 the dividend is stepped up 27.3 per cent to 6.25p net, per 25p share.

At year-end net vehicle deposits were up at £2,99m (£1,83m) and debtors, prepayments and cash amounted to £5,99m (£4,56m), while bank-overdrafts stood at £8,36m (£5,17m).

Meeting, Leeds on May 10, at noon.

George Ewer
starts well

The present year has started well for George Ewer and Co., particularly in the coach and travel sectors, the group's chairman told the annual meeting.

Commitments for this year's holiday season are ahead of those for 1978 with the new operations performing well. But the motor dealership side is being hampered by the shortage of supplies from manufacturers. All three major British makes—B.L., Ford and Vauxhall—are in demand with the potential market exceeding supplies.

BRISTOL STADIUM
DROPS TO £48,000

Taxable profits of Bristol Stadium fell from £90,742 to £47,995 in 1978. At the halfway

RESULTS AND ACCOUNTS IN BRIEF

BEATSON CLARK AND CO. (glass bottle producer)—Results for year to December 31, 1978, reported on March 27. Group fixed assets £2,950m (£2,720m), net current assets £2,040m (£1,840m). Net current assets £2,040m (£1,840m). Meeting, Sheffield, May 10 at 12.30 pm.

ELMISTONE HOLDINGS—Report accounts for year to September 30, 1978, to be published late due to delays in agreeing overseas taxation liabilities. Anticipated to be posted April 23.

DORADA HOLDINGS—Results for 1978 with scrip issued April 10. Group fixed assets £5,400m (£4,800m). Net current assets £5,400m (£4,800m). Meeting, Hotel Intercontinental, W. May 16, at noon.

ENGLISH AND SCOTTISH INVESTORS—Results for 1978, and chairman's remarks already known. Latest investment portfolio market value in UK £17,050m (£15,970m). Net current assets £12,770m (£11,510m). Net current assets £12,770m (£11,510m). Meeting, 2 St. Mary Ave. EC, May 2, 2.30 pm.

GIBBS AND DANDY (builders)—merchant and electrical wholesaler—Results for 1978 reported March 28 with scrip issue. Fixed assets £1,600m (£1,500m). Net current assets £1,600m (£1,500m). Meeting, 2 St. Mary Ave. EC, May 2, 2.30 pm.

W. M. MANN AND CO. (INVESTMENT)—Results for 1978, £258,849 (£224,264). Profit £224,264 (£224,100) before tax £141,673 (£127,618). Dividends £29,350 (£24,050). Forward

For and on behalf of the board
P. A. VON WIELICH
F. J. L. WELLS Directors

At 31 March 1979 there were capital commitments amounting to £2,093,000.

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How many seats will each party return?

CONS	SEATS	LAB	CONS	SEATS	LAB
100/1	246-249	50/1	16/1	302-305	16/1
100/1	250-253	25/1	16/1	306-309	20/1
100/1	254-257	20/1	14/1	310-313	20/1
66/1	258-261	14/1	12/1	314-317	20/1
66/1	262-265	11/1	9/1	318-321	25/1
50/1	266-269	10/1	7/1	322-325	33/1
50/1	270-273	8/1	6/1	326-329	50/1
33/1	274-277	6/1	8/1	330-333	50/1
25/1	278-281	7/1	10/1	334-337	66/1
25/1	282-285	9/1	12/1	338-341	66/1
20/1	286-289	12/1	16/1	342-345	100/1
20/1	290-293	14/1	25/1	346-349	100/1
20/1	294-297	16/1	33/1	350-353	100/1
20/1	298-301	16/1	50/1	354-357	100/1

Any other nominated groups of 4 available on request. Singles only.

No Postal Bets. Prices subject to fluctuation.

Johannesburg Consolidated Investment Group

(All companies mentioned are incorporated in the Republic of South Africa)

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31 MARCH 1979
WITH COMPARATIVE FIGURES FOR THE PREVIOUS QUARTER

Randfontein Estates

The Randfontein Estates Gold Mining Company, Witwatersrand, Limited
Issued Capital: £10,837,106
(Divided into 5,418,553 shares of £2 each)

OPERATING RESULTS

	Quarter ended 31.3.79	31.12.78
Gold		
Ore milled—tons	845,000	774,000
Kilograms produced	6,615	6,288
Yield—grams per ton	7.0	8.0
Revenue—per ton milled	R45.42	R55.42
Working costs—per ton milled	R24.92	R24.75
Profit—per ton milled	R20.51	R30.67

Uranium		
Tons treated	654,000	533,000
Kilograms produced	46,230	47,720
Yield—kilograms per ton	0.072	0.090

FINANCIAL RESULTS (R000)

Revenue from gold	R42,382	R42,301
Working costs	(23,550)	(19,157)
Profit from gold	18,832	23,144
Profit from uranium	1,301	1,307
Net sundry revenue	214	261
Less cost of trial milling	(400)	(400)
Operating profit	20,697	21,112
Net interest payable	(280)	(662)
Profit	20,417	20,450
Capital expenditure	4,146	8,713
Dividends declared	—	13,534

Notes:
1. Certain of the comparative figures for the quarter ended 31 December 1978 have been changed to comply with the new format.
2. Revenue from gold in the quarter ended 31 December 1978 included revenue from gold recovered during the trial milling and commissioning period of the Cooke plant in the previous two quarters. The costs attributable to this production have thus been included.
3. No provision for taxation or State's share of profits is required as the company has balances in respect of unrelieved capital expenditure and accrued allowances.

DEVELOPMENT

A total of 9,532 metres was advanced during the quarter (9,528 metres).

SAMPLING RESULTS

	Quarter ended 31.3.79	31.12.78
Channel width—metres	1,841	1,969
Channel width—centimetres	184	178
Gold		
Av. value—grams per ton	7.3	9.8
—centimetre grams per ton	1.197	1.735
Uranium		
Av. value—kilograms per ton	0.290	0.276
—centimetre kilograms per ton	47.56	45.86

AREA RESULTS

UEIA REEF

	Quarter ended 31.3.79	31.12.78
Sampled—metres	729	1,112
Channel width—centimetres	185	182
Gold		
Av. value—grams per ton	11.5	16.3
—centimetre grams per ton	2.093	3.130
Uranium		
Av. value—kilograms per ton	0.201	0.264
—centimetre kilograms per ton	36.58	54.98

Note:
In addition to the above, development at the Cooke No. 2 Shaft on the E3 reef gave the following results:

	Quarter ended 31.3.79	31.12.78
Sampled—metres	54	nil
Channel width—centimetres	216	—
Gold		
Av. value—grams per ton	3.4	—
—centimetre grams per ton	731	—
Uranium		
Av. value—kilograms per ton	0.379	—
—centimetre kilograms per ton	79.55	—

The values shown in the above tabulations are the actual results of sampling development work on reef. No allowance has been made for modifications which may be necessary when computing ore reserves.

PRODUCTION

The illegal strike action by certain underground employees did not have an adverse effect on production. Indeed the mine reached its highest ever production in March 1979, enabling some 7,000 tons of broken ore to be stockpiled on surface in addition to milling at full mill capacity. The mill throughput for the quarter was also the highest yet achieved.

Randfontein Estates continued

GOLD AND URANIUM RECOVERY PLANTS
At Millers both plants continued to operate satisfactorily. Gold production declined marginally as a result of low grade third reef ore being introduced towards the end of the quarter. The expected increase in uranium production arising from the greater uranium content of this ore had, however, not yet manifested itself, being still in the process of recovery.

At Cooke plant both the gold and uranium sections showed significantly increased throughput but without a corresponding increase in metal recovery. In respect of gold this decreased recovery was due largely to the increased proportion of low grade stockpile material milled during the quarter. In the uranium plant intermittent operation, primarily as a result of corrosion problems in the plant, again contributed to the very poor recoveries achieved for the quarter, although by the quarter's end and improved performance was noted.

Net expenditure on mining assets during the quarter amounted to R14,143,000 bringing the total net capital expenditure at 31 March 1979 to R288,720,000. This total includes expenditure at Cooke Section amounting to R232,136,000. At 31 March 1979 there were capital commitments amounting to R6,100,000.

For and on behalf of the board,
F. J. L. WELLS
D. H. STEVENSON Directors

Western Areas

Western Areas Gold Mining Company Limited
Issued Capital: £40,306,950
(Divided into 40,306,950 units of stock of £1 each)

OPERATING RESULTS:

	Quarter ended 31.3.79	31.12.78
Gold		
Ore milled—tons	1,083,000	1,081,000
Kilograms produced	8,782	8,782
Yield—grams per ton	8.0	8.0
Revenue—per ton milled	R36.35	R36.72
Working cost—per ton milled	25.24	25.18
Profit—per ton milled	R10.02	R10.54

FINANCIAL RESULTS (R000)

Revenue from gold	R29,268	R27,540
Working cost	(23,422)	(20,461)
Profit from gold	10,846	11,079
Net sundry revenue	282	325
Operating profit	11,048	11,411
Net interest receivable	402	386
Profit before taxation	11,450	11,809
Taxation	(2,800)	(3,480)
Profit	8,650	8,319
Capital expenditure	9,972	4,954
Dividends declared	150	411

DEVELOPMENT

A total of 10,706 metres (10,810 metres) was advanced during the quarter, included in the above total is Middle Elsburg development amounting to 2,270 metres (1,761 metres).

SAMPLING RESULTS:

VENTERSDORP CONTACT REEF AND UPPER ELSBURG REEFS

	Quarter ended 31.3.79	31.12.78
Sampled—metres	1,065	99
Channel width—centimetres	205	132
Gold		
Av. value—grams per ton	7.5	5.9
—centimetre grams per ton	1,538	779
Uranium		
Av. value—kilograms per ton	0.54	0.64
—centimetre kilograms per ton	69.66	68.48

MIDDLE ELSBURG REEFS

	Quarter ended 31.3.79	31.12.78
Sampled—metres	177	107
Channel width—centimetres	129	129
Gold		
Av. value—grams per ton	1.3	1.7
—centimetre grams per ton	168	182
Uranium		
Av. value—kilograms per ton	0.54	0.64
—centimetre kilograms per ton	69.66	68.48

Western Areas continued

Exploratory development on the Middle Elsburg Reef has progressed well during the quarter and the first reef, between 48 and 60 levels, has now been holed.

The values shown in the tabulations are the actual results of sampling development work on reef. No allowance has been made for modifications which may be necessary when computing ore reserves.

EXPLORATION

Exploratory drilling from underground to ascertain the potential of the Middle Elsburg Reef continued during the quarter with the following results:

Reef Horizon	Borehole	Channel Width centimetres	Gold g/t	Average Value mg/kg	Unit mg/kg
UE1A	52 Level No. 2	Failed out	—	—	—
	53 Level No. 4	225	Trace	—	0.11
	48 Level No. 10	115	0.3	35	0.28
	No. 11	87	0.9	61	0.30
	No. 14	94	Trace	—	0.15
E9E/C	50 Level No. 18	596	1.1	325	0.55
	No. 17	102	0.6	61	0.42
	52 Level No. 2	94	0.5	47	0.77
	55 Level No. 4	140	0.3	42	0.61
	48 Level No. 10	96	2.3	221	0.95
E9	No. 11	173	2.0	346	0.43
	No. 12	20	472	0.56	123.15
	No. 14	132	5.7	752	0.88
	50 Level No. 16	Not identified	—	—	—
	No. 17	125	1.2	172	0.35
E8	48 Level				50.05

Companies and Markets

MINING NEWS

Prieska and Murchison make good profits

BY KENNETH MARSTON, MINING EDITOR

THE BEST profit showing in the March quarterly reports issued by the mines in South Africa's Anglo Transvaal group is made by the base-metal producers, Prieska and Consolidated Murchison. Both are now pulling out of an earlier recession which caused the former to postpone its loan repayments and the latter to leave the dividend list.

In the past quarter, the copper and zinc-producing Prieska (in which Middle West has a major stake) has made a record net profit of R8.42m (£3.63m) thanks to higher metal prices coupled with the fact that the mine made two shipments of concentrates in the quarter compared with only one in the previous three months. Earnings for the past nine months total R11.78m compared with R4.36m in the same period of the year to last June.

The antimony-producing Consolidated Murchison has made a good start to the financial year with a first quarter net profit of R2.29m. This compares with R1.29m in the final quarter of 1978 when, after taking into account earlier losses, the mine ended up with a deficit for the year of R500,000. The latest quarterly profit equals 55 cents per share.

Of the group's gold producers, Hartbeest milled less ore owing to high underground working temperatures and problems with equipment. Costs per tonne of ore milled increased and uranium revenue was lower. But thanks to higher gold prices, net profits increased in the past quarter.

They are compared with those

of the other group mines in the following table.

	Mar.	Dec.	Sept.
Mar.	1978	1978	1978
Hartbeestmuntain	15,583	14,233	11,287
Loraine	1,252	1,254	1,054
Cons. Murchison	2,295	2,181	3,170
Prieska	8,421	7,285	785
Cons. Transvaal	1,021	1,021	1,021

After receipt of State aid. * Loss.

Uranium helps Blyvoor

IN THE March quarterly reports from the gold and uranium producers in the Rand Mines group, Blyvoor announces a further increase in earnings thanks to a higher uranium profit, that from gold having shown only a modest increase because of the lower grade of ore milled.

The veteran Durban Deep has suffered an unexpected falling-off in the gold grade obtained from certain higher value areas of the mine during the past quarter. Harmony has earned more from gold, but less from uranium in the latest quarter.

Quarterly net profit of the mines are compared in the following table.

	Mar.	Dec.	Sept.
Mar.	1978	1978	1978
Blyvoor	10,813	9,128	8,283
Durban Deep	11,121	12,228	11,847
E. Rand Pty.	11,112	11,293	10,778
Harmony	15,773	15,743	10,084

After receipt of State aid. * After repayment of State aid.

ROUND-UP

Australia's North Broken Hill has raised its stake in BZ South to 18 per cent, compared with the 16 per cent previously held.

by the purchase of 1.1m BH South shares from its own staff provident fund. North Broken Hill now holds 10m BH South shares.

Canada's Alcan Aluminium, the world's second largest aluminium producer, is going ahead through its Brazilian subsidiary with the construction of a 30,000 tonnes per year smelter in the Salvador area of north-eastern Brazil. Cost is estimated at around U.S.\$100m (£48m).

Canadian Occidental Petroleum, an 82 per cent-owned subsidiary of Occidental Petroleum Corporation and the Inco subsidiary Inco Metals, partners in a minerals exploration venture in Northern Saskatchewan, have made a potentially significant uranium discovery on a 100 square mile property owned jointly by them. Additional drilling will be required, however, to assess whether the deposit is commercial. Canadian Oxy is the field operator of the project in which each partner will have a 50 per cent interest. A vertical drill hole intersected 41 feet of visible uranium mineralisation at a depth of 494 feet. The core assayed 5.70 per cent uranium oxide over 32 feet. The zone of mineralisation was then traced over a horizontal distance of at least 450 feet by 10 of 12 drill holes. The uranium content calculated from assays which have been received to date ranges from 0.13 per cent over 22 feet to 5.7 per cent over 32 feet.

The area is about seven miles north-west of Gulf Oil's Rabbit Lake uranium mine, and nine miles east of the Esso-Nunac uranium discovery at Midwest Lake.

McINTYRE MINES

Canada's McIntyre Mines' reports that "depressed and unsettled conditions in the world's economies and, in particular, the continuing weakness in metallurgical coal markets," seriously affected operating performance in 1978. A loss of C\$1.2m (£500,000) was sustained from operations compared with a profit of C\$5.8m in 1977. Including deferred income taxes and equity in the results of affiliates, Falconbridge Nickel Mines and Matheine Mines, and non-recurring items, there was a consolidated loss of C\$1m (a deficit of 43 cents per share) compared with a restated consolidated loss of C\$15.6m in 1977.

Two dividends of 25 cents each were paid in 1978 "but have since been temporarily suspended to conserve cash and reduce indebtedness." Also, because of the "burdensome financial condition, most of the exploration expenditures are being curtailed."

Under arrangements not yet completed, work "on the more important projects" will be carried on by other interested parties with the company retaining interests through appropriate dilution formulae.

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SANDFORD GALLERY, Countess, 11-15, St. George Street, London, W.1. Tel. 01-493 1572.

Falconbridge Nickel sees the light

"LIGHTS ARE coming on again and corporate prospects for the balance of this year and beyond seem bright indeed," is the latest summation of the outlook for Canada's Falconbridge Nickel by the president, Mr. Marsh A. Cooper, reports John Soganiach from Toronto.

Mr. Cooper feels that "The mining industry appears to be phasing into the long awaited turnaround. Demand for nickel and other metal products is showing steady improvement, prices are beginning to strengthen and a degree of confidence is returning."

He sees "a marked upturn in demand for Falconbridge products." Coupled with this is the company's expectation that recent nickel price increases, which are more in line with production costs than at any time in the past three years, will hold. "If such proves to be the case, I am hopeful that by the end of 1980 the company's available mines will be operating at, or close to, full capacity."

However, Mr. Cooper warns that his optimism must be tempered by "possible developments beyond our control" which the need to adjust to further cost inflation, fluctuations in exchange rates and other unpredictable factors, "all of which can have a significant impact on consolidated earnings."

The group's nickel plants at Sudbury, Ontario, are operating at about 50 per cent of capacity but should move up to around 60 per cent by the end of this year. Mr. Cooper anticipates continued increases in nickel consumption in the U.S. and "Western Europe" and sees at least a 10 per cent increase in total demand this year.

Because of the company's long-term contract pricing formulae made prior to the recent nickel price increases, the effects of the latter will only become fully apparent in the latter part of this year.

Meanwhile, Falconbridge is doing well with its cobalt and

is looking at the prospects of re-opening the Kiama Gold Mines property. Summing-up, Mr. Cooper says: "It is my guess that we will be able to look back in 1979 as a vintage year for our company."

Bougainville's rising profits

ALTHOUGH PRODUCTION is expected to be somewhat lower this year because of the expected decline in the ore grade, the Rio Tinto-Zinc group's big Bougainville copper-gold mine in Papua New Guinea anticipates higher earnings thanks to the rise in metal prices.

The chairman, Sir Frank Espie, pointed out at yesterday's meeting that Bougainville would have to pay a higher tax rate of 70 per cent on earnings this year in excess of approximately K95m (£63.5m). "If copper and gold prices continue at their present levels the company may well move into this higher tax bracket," he added. Earnings before tax last year amounted to K70m.

Meanwhile, the higher metal prices have provided Bougainville with a healthy cash position. This, together with undrawn loan facilities, means that the company is unlikely to require any additional borrowings in 1979 and 1980 in order to meet its financial commitments.

Sir Frank will retire as chairman in May and will be succeeded by Mr. D. C. Vernon.

IN BRIEF

KINTA KELLAS TIN—March output of tin ore 33% tonnes (February 34% tonnes).

CONZINC RINTO MALAYSIA—Sri Timah dredge March production 67.42 tonnes.

SAINT PIRAN—March production of tin concentrates by group companies: UK (tonnes treated 21,871) 37 tonnes (70 per cent tin metal). Malaysia 23 tonnes and Thailand 78 tonnes. February output 25, 17 and 91 tonnes respectively.

RAMHAN—HYDRAULIC TIN—March output 77 tonnes (February 67 tonnes).

MALAYSIAN TIN—Unaudited results—quarter ended March 31. Tribute ore sold 57.30 tonnes (previous quarter 41.89 tonnes). Tribute and sundry revenue £22,170 (£16,258). Working expenditure £13,724 (£12,362). Mining profit £18,446 (£12,894).

PALABORA—Production and sales (tonnes) Quarter ended Mar. 31 1978

	1978	28.708	28.708
Copper Production	28,708	28,708	28,708
Sales	28,708	28,708	28,708
Ore milled	6,035,243	6,035,243	6,035,243
Av. copper grade	0.46%	0.46%	0.46%
Sales of other products	16,450	16,450	16,450
Magnesia	27,227	27,227	27,227
Sulphuric acid	47,988	47,988	47,988
Vermiculite	42,381	42,381	42,381
Uranium concs. (eqs.)	153,138	153,138	153,138

Quarterly production report, 12 weeks ended 28.3.78

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INVERGORDON DISTILLERS

Extracts from Chairman's Review

Following the acquisition by Hawker Siddley Group of a controlling interest in our parent company, Carlton Industries, the accounting year has been altered to a 31st December ending. The trading period under review is the nine months ended 31st December 1978.

Profits before tax for the nine months were £2.48 million compared with £2.8 million for the previous full year representing an annualised growth rate of 17 per cent. During this trading period the accounting policy of the company was changed and the Group's freehold buildings are now being depreciated resulting in a reduction in profits of £85,000 for the period.

A Final Dividend of 1.14p per share is being recommended making the total distribution 1.84p per share for the nine month period compared with 2.2388p per share for the twelve months to 31st March 1978.

1979 started with the problems of the road hauliers strike and the severe weather, nevertheless, prospects for the continuing growth of the company appear good. It is interesting to note that the industry's export sales in 1978 increased by 12 per cent over the previous year.



Copies of the accounts are available from The Secretary, Invergordon Distillers (Holdings) Limited, Ashley House, 181-195 West George Street, Glasgow G2 2NL.

Boddingtons Breweries Ltd

MANCHESTER

FREE TRADE SALES MOVE AHEAD

	1978	1977
Year to 31 December 1978	£'000	£'000
Turnover	18,582	17,914
Profit before tax	3,094	3,066
Profit after tax and extraordinary items	2,152	2,033
Dividend payments per share	2.19p	2.6254p*

*After adjusting for additional final dividend for 1977 and bonus issue in May 1978.

Points made by the Chairman, Mr Ewart A Boddington:

- Both turnover and profits were a record for the ninth year in succession.
- Dividend represents maximum permitted increase.
- Free trade sales continue to rise and now represent 15% of total sales as against 12% in 1977.
- A further £1.64m is to be spent in the next phase of the company's development programme, bringing the total expenditure to approximately £2.84m.
- This year's sales are ahead in volume terms on last year.

Annual General Meeting, Derby Suite, Midland Hotel, Manchester, 11.45 a.m. Thursday 10 May 1979. Copies of the Annual Report may be obtained from: The Company Secretary, PO Box 331, Strangeways Brewery, Manchester, M60 3EL.

CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-283 1101. Index Guide as at April 3, 1979 (Base 100 on 14.1.77).

Clive Fixed Interest Capital 156.31

Clive Fixed Interest Income 128.29

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.

45 Cornhill, London, EC3V 3PE. Tel: 01-623 6314.

Index Guide as at April 12, 1979

Capital Fixed Interest Portfolio 115.10

Income Fixed Interest Portfolio 104.90

This advertisement is issued in compliance with the requirements of The Stock Exchange. It is not an invitation to subscribe for or purchase any Ordinary Shares or Loan Stock of the Company.

BANK BRIDGE GROUP LIMITED

(NAME IN PROCESS OF CHANGE TO ROCK DARHAM LIMITED)

Incorporated in England under the Companies Act 1929

(No. 331,803)

Share Capital

Authorised £2,000,000 in

Financial Times Wednesday April 18 1979

BIDS and DEALS

Jardine's insurance side expanded by acquisition

BY CHRISTINE MOIR

Jardine Matheson has consolidated its expansion into non-marine insurance business in the UK by acquiring the Hill Samuel subsidiary Elizabethan Marine and General Insurance.

The purchase, for an undisclosed sum equivalent to net asset value plus an element of goodwill, was made through Lombard Insurance (UK), part of Jardine's underwriting arm, Lombard Insurance Group.

Lombard's British business has been largely in marine underwriting whereas Elizabethan writes fire, accident and motor business to the tune of gross premiums of £10m. The expanded group will now have gross premium income of £38m.

To pave the way for this growth Lombard UK will have an issued capital of £5m, compared with a current £2m capital base, of which £3.5m will be paid up. Elizabethan's paid-up capital is £2m.

Preliminary unaudited figures for the Lombard group for 1978 show pre-tax profit of £1.8m based on premiums after reinsurance of £15.4m. Underwriting results are given as £187,000 for fire and accident, £250,000 for life assurance and £173,000 for marine and aviation.

Figures for Elizabethan have not been released although it is known that the company retained £4.6m of last year's gross premium income. Profits for the current year will have been hit by the appalling winter weather which significantly increased motor claims.

STANDARD CHARTERED

Standard Chartered Bank has completed the acquisition of UNION BANCORP of the U.S.

STOREY BROS.

Hercules Incorporated plans to purchase a polypropylene film plant in Brantham, England. Hercules has agreed in principle with Storey Brothers and Co. to purchase its polypropylene film-making operation subject to approval by both boards.

WHESSOE

William Press Investments, a subsidiary of William Press, has bought a further 25,000 shares in the engineering group Whessoe, bringing its total stake to 6.03 per cent. A spokesman for William Press said the holding is a normal trade investment.

WETTERN BROS.

The board of Wetteren Brothers has met representatives of Marshalls (Hull) following Marshalls' acquisition of the 27.8 per cent holding in Wetteren previously held by W. and J. Glossop. The discussions were amicable but basic appeared for continuing them, it is stated.

SIME DARBY STAKE SOLD

Mr. Wee Cho Yaw, a non-executive director, has sold 1m shares in Sime Darby Holdings in which he is deemed to have an interest. He now holds 140,000 shares.

Mr. Wee is chairman and managing director of United Overseas Bank in Singapore. He has been a director of Sime since 1977.

Another excellent international performance by Royal

Extracts from Mr. Daniel Meinertzhagen's Statement

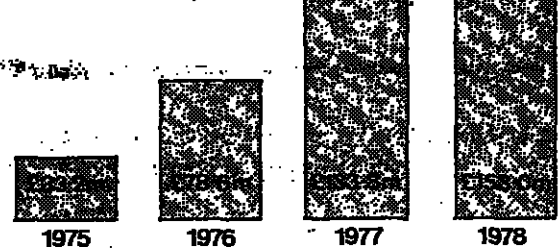
The Annual General Meeting of the Royal Insurance Company Limited will be held in Liverpool on 10th May, 1979.

1978 Results

I am glad to be able to report a substantial rise in profits for the fourth year in succession. In 1978 our total profits before tax were £153.0m, compared with £133.8m. in 1977 and, as shown in the table opposite, there were increases not only in the underwriting profit, which rose from £15.2m. to £25.4m., but also in investment income, which increased from £112.0m. to £120.7m. Indeed, had sterling not appreciated during the year against the currencies of most of the overseas countries in which we operate, the results would have been even better, the underwriting profit by a further £1.8m. and investment income by a further £8.5m.

After taxation and providing for minority interests, the net profit attributable to the company was £88.2m., compared with £74.7m. in 1977. A final dividend of 11.5p per unit of stock is being recommended, which will bring the total distribution for the year to 18.772p, an increase on last year's dividends in 'gross' terms of 12.4%. After payment of this dividend and after provision of £0.4m. in respect of the net cost of the Employee Share Scheme to which I refer below, there will remain a balance of £59.4m. to be transferred to reserves, compared with £49.8m. in 1977.

Growth—
PRE-TAX PROFITS



The most significant feature was the much increased underwriting profit in the United States, where the benefit of the remedial action we have been taking in recent years became apparent in the underwriting result, which improved from a marginal £0.2m. profit in 1977 to £10.5m. last year. During the course of the year we sent \$60m. to the United States to enlarge our capital base there and thus be able to take full advantage of the opportunities we now have for profitable expansion.

The United Kingdom and Ireland again produced a very satisfactory underwriting profit—£11.9m. as against £10.3m. in 1977—and this was despite a poor start to the year because of severe weather losses in the first quarter.

Underwriting profits in Canada of £2.4m. were lower than in the previous year due partly to an adverse claims experience and also to severe competition. Stockholders may recall that last year, under the Anti-Inflation Regulations in Canada, we had to refund money to our policyholders, having exceeded the permitted profit. We do not believe that our result in 1978 will exceed the permitted level and therefore do not anticipate having to make any refunds this year.

In the extremely difficult conditions continuing in Australia we maintained our policy of not writing business at rates which we regarded as uneconomic and inadequate. This resulted in some loss of business but we were able to contain the loss on underwriting there to the relatively modest amount of £0.3m.

In the Netherlands, another difficult territory of recent years, we succeeded in improving our result substantially, with a much reduced underwriting loss of £0.6m. compared with a loss of £4.8m. the year before.

Competition

I have mentioned already the competitive situation in the insurance markets in Canada and Australia but these are not the only countries where competition is intensifying. Indeed, almost everywhere there are clear signs of the capacity of the insurance markets increasing at a more rapid rate than the business available to them. I believe we as a company are well placed to compete hard and successfully but at the same time we continue our policy of preferring to stand aside where, in our view, rates have become so depressed as to lead inevitably to losses. It remains our primary aim as insurers to provide first class service and in so doing to make an underwriting profit.

Our constant endeavours are directed towards attaining a greater degree of stability in market conditions and we intend to use the strength arising from our worldwide spread of business to seek wherever we can to reduce the severity of the pattern of recent underwriting cycles, with periods of profitability followed by periods of unprofitability, which, in some circles, have come to be regarded as almost inevitable features of general insurance operations. These cycles have in the past been brought about within the industry itself and have been largely self-inflicted through the lack of a disciplined approach to underwriting. We do not accept, at least for ourselves, that the pattern of the past is inexorable and that its continuation in the future is inevitable. The difficulties faced by the industry in recent years should have been a salutary lesson which it is our earnest hope will not need to be repeated.

A New Reinsurance Company

For a number of reasons the demand for reinsurance is increasing more rapidly than the demand for insurance itself and so our reinsurance business has become and will continue to be increasingly important to us. Last year we reported that, due to this increasing importance, we had established a separate Group Reinsurance Division for handling such business transacted in the United Kingdom. During 1978 we took this development a stage further and created a

Summary of Consolidated Results

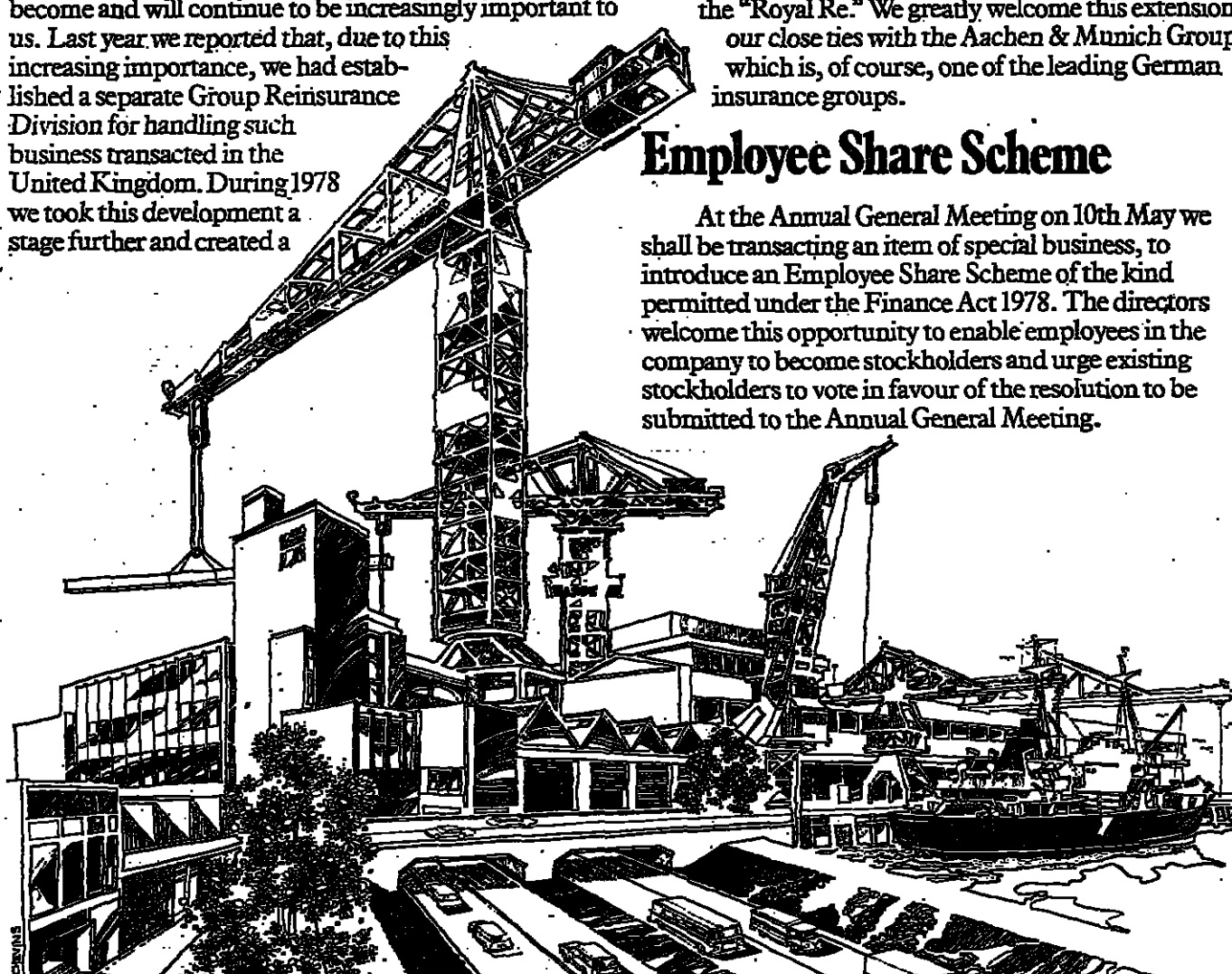
	1978	1977
	£m.	£m.
General Insurance Premiums Written	1,220.1	1,235.5
Earnings		
General Insurance Underwriting Profit	25.4	15.2
Investment Income on Stockholders' and General Insurance Funds	120.7	112.0
Stockholders' Long-term Insurance Profits	4.4	4.3
Share of Associated Companies' Profits	2.5	2.3
Profit before taxation	153.0	133.8
Less UK and Overseas Taxation	64.5	56.3
Adjustment under Canadian Anti-Inflation Regulations	—	2.5
Minority Interests	0.3	0.3
Net Profit attributable to the Company (per unit of stock)	88.2 (58.7p)	74.7 (49.8p)
Appropriations		
Dividends		
Supplementary for previous year	0.2	0.2
Interim	10.9	9.8
Proposed Final	17.3	14.9
	28.2	24.7
Total (per unit of stock)	28.4 (18.9p)	24.9 (16.6p)
Provision for Employee Share Scheme	0.4	—
Transfer to Retained Profits	59.4	49.8

specialist reinsurance company—Royal Reinsurance Company Limited—into which we transferred the business of the Reinsurance Division. The new company commenced operations on 1st January, 1979.

We are confident that this new venture will prove worthwhile and indeed since the end of the year it has featured in an agreement with our friends in Germany, the Aachen & Munich Group, whereby we have doubled our shareholding in them to 20% and as part of the consideration we have ceded to them a 20% interest in the "Royal Re." We greatly welcome this extension of our close ties with the Aachen & Munich Group which is, of course, one of the leading German insurance groups.

Employee Share Scheme

At the Annual General Meeting on 10th May we shall be transacting an item of special business, to introduce an Employee Share Scheme of the kind permitted under the Finance Act 1978. The directors welcome this opportunity to enable employees in the company to become stockholders and urge existing stockholders to vote in favour of the resolution to be submitted to the Annual General Meeting.



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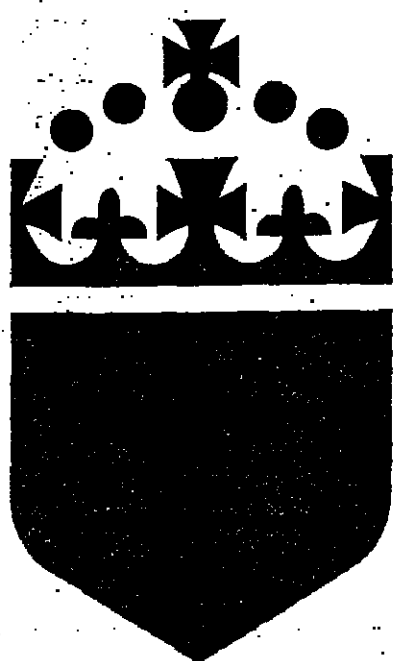
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Name _____
Address _____

To: Registrar's Dept., Royal Insurance Company Ltd., New Hall Place, Old Hall Street, Liverpool L69 3EN.

FT 18/4

A FINANCIAL TIMES SURVEY THE DERBY BICENTENARY

JUNE 6th, 1979

The Financial Times proposes to publish a Survey to mark the Bicentenary of the Derby. The provisional editorial synopsis is set out below.

Introduction Epsom and its Derby are two of the greatest institutions in world racing. A description of the origins, history and development of Epsom racecourse, from the latter part of the 18th Century to its modern-day security under the umbrella of the Horserace Betting Levy Board.

The Derby A full account of the history of the race and the current status it enjoys on the international race scene.

Bloodstock Epsom Derby winners acquire sudden and substantial capital values: this article will discuss recent Derby winners, the current British and international bloodstock scenes, and describe the work of the major British auction houses, Tattersalls and Goffs.

Betting Along with the Prix de l'Arc de Triomphe and the Tokyo Derby, the Epsom Derby is one of the world's major betting races: a look at the current UK betting and racing scenes, together with a description of the growth of race sponsorship.

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Time running out for the Western mackerel stock

BY RICHARD COWPER

"IF WE FAIL to get international agreement on fisheries enforcement soon, and continue to exceed the scientifically recommended total allowable catch at the present rate, the Western mackerel fishery could well go the way of the North Sea mackerel and herring fisheries and end up on the rocks in five years. The Western mackerel is now the most important fish stock in terms of tonnage to the British fishing industry."

THESE are not the words of a starchy-eyed conservationist nor those of a local Cornish hand-line fisherman who sees his traditional way of life threatened by the recent invasion into south western waters of technologically superior trawlers from the rest of Britain. They were spoken in an interview with the Financial Times by Dr. Stephen Lockwood, the Ministry of Agriculture and Fisheries' principal scientific officer in charge of the Ministry's mackerel research programme.

In 1977 the amount of fish caught from the Western mackerel stock—which lives in an area from the Bay of Biscay in the South, up through the Celtic Sea to the north coast of Scotland—exceeded the internationally recommended Total Allowable Catch (TAC) of 250,000 tonnes by at least 30 per cent. The year before, the TAC announced by the International Council for the Exploration of the Seas (ICES) was exceeded by 200,000 tonnes—70 per cent above the recommended catch of around 300,000 tonnes. Although international figures are not yet available for 1978 there is little doubt that the stock has continued to be overfished although it is estimated, by a much smaller margin.

This means that fishermen have ignored—and are still ignoring—advice from international fishery scientists about how much fishing the Western mackerel stock can support (sometimes called "maximum sustainable yield") without entering the tragic spiral of decline which has resulted in the near-extinction of so many of the world's great fish stocks.

Dr. Lockwood comments:

"By exceeding the TAC figure fishermen may get a short term gain, but it will certainly be a long term loss."

If those reduced TACs continue to be ignored the stock will decline exponentially—at an ever increasing rate—until it is either commercially extinct, or until, as in the case of the herring, the EEC is forced to impose a complete ban on all fishing in the hope that the stock will manage to renew itself.

The discovery several years ago of mackerel in large numbers off the Cornish coast—a major part of the Western mackerel stock—was a godsend to both the Scottish herring fleet and the British deep sea trawler fleet. The Scots were badly hit in July, 1977 when, following unilateral action by the UK Government to protect the herring, the EEC imposed a ban on virtually all herring fishing in Community waters. At about the same time Britain's deep sea trawlers suffered the crippling loss of their traditional Icelandic fishing grounds after the last cod war.



Many skippers from Scottish and north of England ports maintain that mackerel has been the "saviour" of the industry. Britain's deep sea trawler fleet declined from 429 boats in 1975 to 210 by 1978, and without mackerel there is no doubt that casualties in the fleet would have been far greater. According to Mr. John Davies, the secretary of the British Fishing Federation: "If it were not for mackerel it is almost certain that Britain's deep sea fleet would have gone out of business altogether. The declining opportunities have already forced the port of Granton on the Firth of Forth to close, and without this new lifeline even Hull would now be facing the prospect of shutdown."

How sure can we be that this new-found wealth will not be quickly squandered by European fleets eager to make a fast killing in one of the few remaining big fish stocks in EEC waters?

The pages of fishing history are littered with cases of the destruction of important fish stocks as scientific advice has time and again been overruled by commercial short-sightedness and political prevarication.

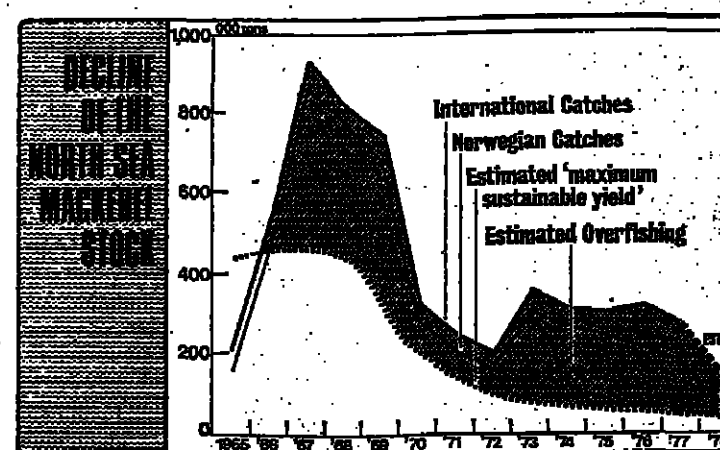
The answer, therefore, is that we cannot be sure. The Atlantic-Scandinavian herring fishing ground between Iceland and Norway was so overfished in the 1950s and the 1960s—first by conventional trawlers and then by the highly "efficient" Norwegian purse seiners catching great amounts of the stock for their fishmeal factories—that these grounds were ruined.

And the North East Atlantic hake, once the main support of the port of Fleetwood, was killed off by Spanish pair trawling—a system where two vessels tow a single net—like a cable between two mine-sweepers. But perhaps the worst example of overfishing was that of the haddock of Georges Bank off Cape Cod. This was effectively fished out in just five years in the mid-1960s by Russians using intensive "box-fishing" techniques—systematic intensive fishing of small adjacent areas, one after the other.

And the other great European mackerel stock—that of the North Sea—was recently almost completely fished out by Norwegian purse-seiners eager to maintain supplies to their home fishmeal industry. The Norwegian pursers—which shoot a net, almost the size of the entire Wembley Stadium, enclosing a whole shoal in one cast—fished the stock so hard in the late 1960s that by 1978 the TAC was down to a mere 145,000 tonnes.

That any mackerel fishing has been allowed at all has been mainly due to political compromise and the small numbers of fish from the healthier Western stock which swim round from the Celtic Sea to join the diminishing North Sea stock.

This brings us back to the Western mackerel stock, of which the Cornish inshore winter fishery and the Scottish Minch autumn fishery form a major part. This stock suffered



its first big fishing onslaught in the early 1970s—largely from visiting Russian trawlers and factory ships.

By the time British fishermen had replaced the Russian fleet off the Cornish coast in 1977, enough information about the size, structure and habits of the stock had been collected to enable ICES to suggest annual quotas.

But scientific information about how much fishing a stock can safely support is still insufficient to ensure that it is not overfished. One of the reasons for the general move to 200-mile fishing limits in 1977 was to give nations ownership and control over the resources, both mineral and natural, in their waters. On fish it was argued that ownership of stocks would provide an incentive for countries to implement and enforce conservation policies.

But in Britain's case, of course, the move to a 200-mile limit put its new fishery firmly in EEC waters, theoretically allowing Community fishing boats equal access.

Although it has proved relatively easy to control the fishing of non-EEC boats in Community waters, the lack of an agreed Common Fisheries Policy (CFP) has made it extremely difficult to devise—let alone enforce—sensible conservation measures for EEC member nations. ICES has no statutory authority to enforce its TACs and, although the EEC Commission continues to rubber stamp them, no EEC body has the legal authority to parcel out the recommended catch into individual quotas that countries would be required to enforce.

Currently most Member governments set quotas for their own fishermen, so it is hardly surprising that, when all the catches for a species are added up at the end of a season, the total allowable catch is often exceeded.

Many experts argue that because any future share-out of quotas under a new CFP is likely to be based, at least in the first instance, on historical rights (the species and the amount of fish that an EEC nation has caught, say, in the last five to ten years) individual countries now seek to maximise their chances of obtaining a good quota by catching as much

of a given stock as possible. A regime which encourages such attitudes is hardly designed to produce the best conservation policies.

It is this political and legal vacuum that contributed to the overfishing of the Western mackerel stock in 1977 by at least 30 per cent. There are many, however, who believe that such reported figures considerably underestimate real catches. There is thought to be a small amount of outright cheating by individual fishermen, who sell some of their catches without recording them, but Dr. Lockwood believes that the main problem is "slippage"—that part of a catch dumped back into the sea because it is not up to standard or has overshot the boat's allowed quota for that week. With mackerel, dumping nearly always results in the death of the fish within 48 hours. If these factors are taken into account, it is estimated that the real catch figure by all countries fishing the Western mackerel stock in 1978 could well be 550,000 tonnes rather than the TAC of 450,000.



If this analysis is correct—and there are some who maintain that the "slippage" problem is far worse—then last year 20 per cent more fish were taken out of the Western mackerel stock than scientists thought it could safely sustain.

According to Dr. Lockwood, "there seems little point in making scientifically accurate recommendations if European countries continue to ignore the advice. Unless agreement on quota allocation and enforcement is reached soon this stock could well be overfished by an even greater margin next year. To carry on like that means that it might effectively be finished as a viable fishery within five years."

In spite of Britain's comparatively good conservation record, the present mackerel licensing system, evolved by the UK since 1977 to exert some control over

the Cornish fishery, means that British fishermen are probably the worst offenders when it comes to "dumping." The quota system created by the law allows boats of specified sizes to catch specified tonnages in any one fishing week. This makes it very difficult for skippers not to dump part of their catch. Also the high quality of fish demanded by the Russian and East European factory ships which buy up a large part of the Cornish catch means that trawlermen may dump "sub-standard" fish.

It is reliably estimated that UK fishermen dump around 15 per cent of the country's self-imposed quota of 300,000 tonnes bringing the "real" British catch up to 345,000 tonnes. One way of combating the problem of "slippage" would be to create a mackerel law which made it attractive for trawlers to retain all their catch, perhaps by limiting the number of boats but allowing them within a given period to pull in as much as they can. Meanwhile the very least the Government could do would be to reduce Britain's total quota by an amount equivalent to the estimated "slippage."

But there is little incentive to play the rules strictly by the book when there is nothing to stop other EEC nations increasing their mackerel catch because no share-out has been agreed. Only a commonly acceptable CFP, with the full backing of EEC law, could achieve that.

But here's the rub: one of the reasons that no CFP has been devised is that the UK understandably believes "it should be guaranteed a major stake in the 60 per cent of Community fish which now live in its waters. So far this demand has proved unacceptable to the rest of the EEC."

Moreover, Britain believes that only a Common Fisheries Policy which grants to each Member state considerable proprietary rights over the fish off its coast, and also gives that country the task of policing its own fish stocks, will ensure that proper conservation measures are carried out.

Meanwhile the Western mackerel stock faces a very uncertain future.

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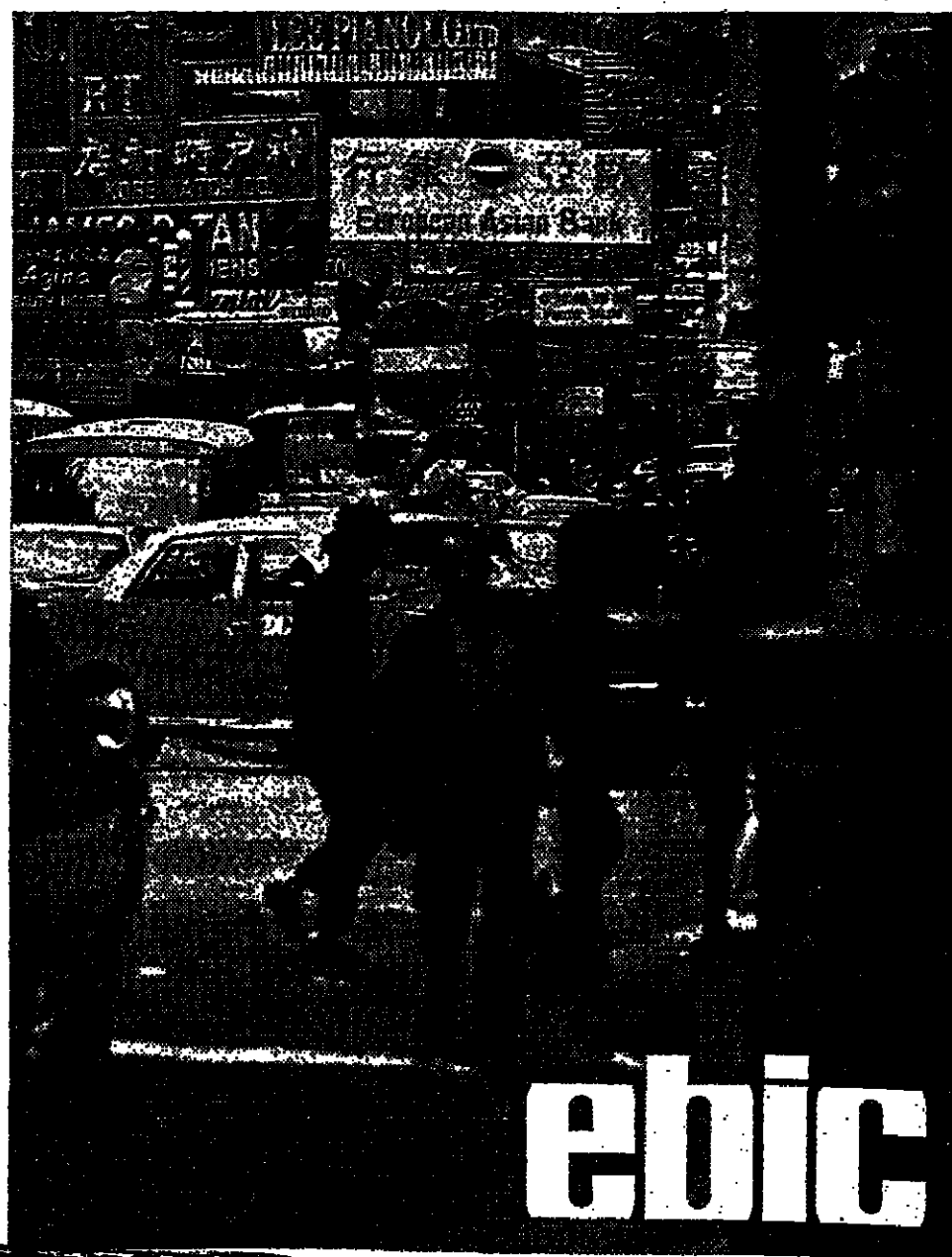


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هكازمن العمل

Bos Kalis outstrips profit target

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH dredging and construction company, Bos Kalis Westminster, announces a 12.5 per cent rise in 1978 net profit to F1 50.5m (\$25.2m) after earlier forecasting growth of 10 per cent.

Turnover, on the basis of completed contracts, rose 2 per cent to F1 1.61bn (\$805m) compared with 15 per cent the year before when net profits also increased by 15 per cent. Net profit per share rose 5 per cent to F1 23.75. Bos Kalis proposes raising its dividend payment to F1 8.50 from F18 and repeating last year's bond issue of 2.5 per cent in shares from the tax-free premium reserve.

The company expects profit to increase further this year so as to enable it to maintain the return per share, taking into account the one for six rights issue made in December. Order

books rose 7 per cent to F1 2.71bn at the end of December. Cash flow was F1 184.8m compared with F1 148.7m the year before.

Bos Kalis has reorganised a number of activities in recent months involving mergers internally and with other concerns. It has taken a 50 per cent share in the Belgian construction group, de Meyer, of Ghent. It has also set up a joint venture, called Westminster Seaway, with the Norwegian-UK group Stolt-Nielsen Seaway, to carry out underwater installations and seabed levelling.

Net profit of the Nedlloyd group, Holland's largest shipping line, was more than halved in 1978. The company proposes cutting its dividend to F16 per share from F19. The group's net

profit fell to F140.6m (\$20.3m) from F191.4m in 1977.

The sharp decline in the 12 months figure conceals an improved second-half result. The first-half profit of F19m was followed by F131.6m in the second six months. However, after an "unsatisfactory" start to 1979 a further worsening of the company's result is likely to occur this year. This would be the third successive year in which profits have fallen. Turnover rose 3.5 per cent to F12.4bn (\$1.2bn) after falling 3 per cent the year before.

Algemene Bank Nederland (ABN) hopes to merge two French subsidiaries into a bank with a combined balance-sheet total of FFr 9.9bn (\$2.37m) and assets of FFr 265m (\$60.6m). ABN, the second largest Dutch bank in balance-sheet terms, has

agreed with Neufize, Schlumberger, Mallet SA, and Banque Jordaan SA to carry out a study aimed at an eventual merger.

ABN owns nearly 64 per cent of the Neufize holding company which in turn has a 90 per cent stake in the bank. ABN also owns nearly 99 per cent of Banque Jordaan.

If the result of the study is positive, ABN will first merge its Jordaan holding with Neufize before the two banks combine. The transaction still requires the approval of the supervisory authorities in both France and Holland.

ABN announced earlier this month that Europe and North America will be the main focus of its growth abroad over the next few years. ABN also has a 74.5 per cent stake in Caisse Industrielle de Credit Automobile de Paris.

Sluggish turnover at Swiss watchmaker

By John Wicks in Zurich

SALES of Asuag, the Swiss watch industry concern headed by the bienné-based Allgemeine Schweizerische Uhrenindustrie AG, reached SwFr 1.19bn last year.

This figure is not wholly comparable with that of SwFr 1.16bn recorded for 1977 owing to the consolidation of sales of the U.S. subsidiary ASU Industries. Without these, turnover would have been slightly lower.

Demand last year was marked by a rapid growth in sales of electronic watches and watch components, up by 53.1 per cent in volume and 36.9 per cent in value. One third of Asuag group sales of watches and movements are now accounted for by electronic products, compared with only a quarter in 1977. The share of anchor watches and movements fell over the year from 67.2 to 62.4 per cent of the same total and that of pin-lever models from 5.9 to only 3.5 per cent.

The group reports that sales growth was "normal" in the first half of 1978, followed by a sharp decline in the second half owing to the rapid appreciation of the Swiss franc. Orders also fell sharply, particularly in the field of watch components, although Asuag says there has been a slight improvement since February of this year.

Both orders and turnover are now rising again, though at a lower level than a year ago. Asuag hopes for a "stabilisation of the situation," assuming that conditions—especially on the foreign exchange markets—do not deteriorate.

Swiss AG the Swiss machine-building and steel construction company, is cutting its dividend from 8 per cent to 6 per cent following a fall in parent undertaking net profit from SwFr 1.7m to SwFr 1.01m. Group turnover in 1978 dropped from SwFr 155m to SwFr 118m due to divestment of the German subsidiary Eisenbau Wyhlen. Group profits fell only slightly from SwFr 1.75m to SwFr 1.04m.

Radiotechnique ahead by a fifth

AN INCREASE of a fifth in net profits is announced by La Radiotechnique for 1978. After tax, profits last year rose to FFr 100.2m (\$22.9m) from FFr 84.9m following heavier charges for depreciation but a lower debit for provisions.

Depreciation last year totalled FFr 19.35m, against FFr 17.09m, and provisions cost FFr 14.79m compared to FFr 15.75m. Total proposed dividend is FFr 30, no from FFr 27. The company, which is part of the Philips group of Holland, lifted net profit per share to FFr 53.2 from FFr 46.3.

Light electrical engineering concern, Societe Telemecanique, report net consolidated profits of FFr 69.2m, after provisions of FFr 8.7m for exposed assets in Iran, for 1978 compared to FFr 65.8m in 1977. Parent company profits were FFr 50.7m, up 30 per cent on the 1977 total, however. The company proposes to raise the net dividend to FFr 20.50 per share from FFr 17.

Vaduz bank lifts assets

By Our Zurich Correspondent

A "SUBSTANTIAL" rise of 14.5 per cent in balance sheet total is reported for last year by Liechtensteinische Landesbank of Vaduz, despite low inflation and the ban on interest payments to new foreign depositors.

The assets total thus increased by SwFr 214.3m to SwFr 1.68bn (\$988m). A considerable increase in deposits was accompanied, however, by weak demand for loans as a result of weak investment activity.

Since there has still been no revision of the principality's law governing the Landesbank, the entire surplus liquidity had to be deposited in short-term bank deposits at extremely low interest, with a corresponding deleterious effect on earnings. Gross profits of the bank dropped in 1978 from SwFr 53.2m to SwFr 50.8m, owing solely to the low interest rates. From a slightly lower net profit figure of SwFr 4.52m against SwFr 4.8m, the Board recommends the transfer of SwFr 2.65m as interest on capital, SwFr 1.1m to reserves and SwFr 700,000 to the Liechtenstein exchequer.

Swiss machine builder Maschinenfabrik Banninger has acquired a controlling interest in the Italian company, Nuova Comar SPA. Both companies manufacture textile machinery.

Sophus Berendsen

Danish company Sophus Berendsen, increased the dividend from 12 per cent to 13 per cent in 1978 raising the cash payment from DKr 9.3m to DKr 10.9m, writes Hilary Barnes from Copenhagen. Earlier this month it was wrongly reported that the dividend had been maintained at 13 per cent.

Heurtey to be restructured following heavy losses

BY DAVID WHITE IN PARIS

THE PARIBAS banking and industrial group is pushing through major structural changes in its subsidiary Heurtey, one of France's leading plant engineering and factory installation businesses, following a heavy 1978 loss.

The Heurtey group, in which Paribas currently holds just over 80 per cent, made a net loss of FFr 117m (\$27.5m) after paying FFr 10m in profit the year before. This was despite a 20 per cent turnover increase.

The reorganisation contains three main ingredients: a change in the capital structure, concentration on the group's profit-making activities and the search for a U.S. partner to give the concern, already heavily export-orientated, a toehold in the North American market.

The capital of Heurtey S.A., the parent company, is to be written down from FFr 17.76m to FFr 5m with Paribas abandoning a FFr 15m credit

to the company. Later on in the year, Paribas is to back a capital increase to FFr 60m, which will leave the banking group with 98 per cent of the shares.

The parent company will then merge with its most successful operating subsidiary, Heurtey Industries, which specialises in petrochemical and chemical plant engineering, has an annual turnover of about FFr 900m and made a FFr 15m net profit last year. The group will consolidate this side of its business at the expense of other activities.

This plan overturns the last blueprint for reorganisation, drawn up just over two years ago, which divided Heurtey's operations between three main subsidiaries, one for each sector.

The search for a U.S. partner fits in with an overall emphasis on strengthening the group's share of foreign markets, which already account for about 80 per cent of its engineering business.

The furnace subsidiary, Heurtey Fours et Thermique, lost FFr 14m last year. The other main offshoot, Heurtey Equipements et Enterprises, involved in air-conditioning, heating and other activities, increased its loss from FFr 33m to FFr 86m. A further loss of FFr 33m came last year from extra charges relating to closures and redundancy payments.

The reorganisation is aimed at bringing the group back to break-even point this year.

Sharply lower profits are reported by Mouches, a leader in the French domestic appliances market best known for its range of mixers. Net profits for 1978 have fallen to FFr 56.6m from FFr 70.3m, a decline of 24 per cent. Sales last year totalled FFr 1.61bn, compared to FFr 1.46bn.

The company is paying an unchanged dividend of FFr 3 on capital increased by a one-for-10 scrip issue.

Continued growth for Helvetia

BY OUR ZURICH CORRESPONDENT

HELVETIA Insurance experienced a further strengthening of business last year, according to Dr. Andreas Wegelin, of the concern's joint administrative committee. Gross premium income rose by 6.1 per cent to SwFr 917m in 1978 and capital earnings improved by 5.2 per cent to SwFr 85m.

Despite the booking of foreign-origin premiums at lower Swiss-franc values, gross premium income of the casualty specialist Helvetia-Unfall Schweizerische Versicherungs-Gesellschaft went up by 8.6 per cent to SwFr 451.67m of the group total. This is attributed to good business development in Switzerland—where direct premiums went up 7.9 per cent to SwFr 322.47m—and abroad, foreign direct insurance premiums having risen even in terms of Swiss francs by 6.3 per cent to SwFr 95.37m.

In local currencies, foreign growth was much higher, with rates of 17 per cent for the French branch and 21.7 per cent for the Dutch operation. Helvetia-Unfall also expanded its re-insurance activities.

Thanks to an improvement in the underwriting result and a rise in capital earnings (from SwFr 53m to SwFr 54.98m), Helvetia-Unfall increased net profits from SwFr 8.31m to SwFr 9.15m and is to pay a higher dividend of SwFr 25 on each share and participation certificate.

The St. Gall-based Helvetia Swiss Fire Insurance company, whose stock is inseparably twinned with that of Helvetia-Unfall as the other group partner, will repeat its 1977 dividend of SwFr 30 from net profits up to SwFr 8.54m against SwFr 7.72m.

Nordic Investment Bank steps up lending activity

BY LANCE KEYWORTH IN HELSINKI

DESPITE THE slackness of investment activity in Scandinavia last year, Nordiska Investeringar (Nordic Investment Bank) described the volume of its lending business as satisfactory.

NIB made 12 loans in 1978 for a total equivalent to 91.2m SDRs (special drawing rights) or \$117m. This compared with 15 loans totalling 99.7m SDRs in the bank's first 19 months of trading to December, 1977.

The largest loan granted in 1978 was in the energy sector, DKr 200m to a Danish utility.

The other loans covered the main fields of joint-Nordic activity foreseen in the bank's charter—transport and communications, raw material resources and traditional primary industries, restructuring and expansion of industry, regional development within the Nordic countries, and export projects.

The last instalment of NIB's basic capital was paid up in 1978, taking the total to 100m SDRs. Its lending business will now increasingly be financed by credits raised in the international markets.

Sales rise at Triumph Adler

By Guy Hawtin in Frankfurt

TRIUMPH-ADLER, the office machinery and computer group now controlled by Volkswagen, yesterday reported a sharp increase in sales for 1978. Business during the current year has been going well, it said.

Sales last year rose by close on 20 per cent to just under DM 1.2 bn (\$610m) compared with 1977's DM 1bn. This performance is in keeping with the group's recent development—in the past 10 years, turnover has risen more than five-fold.

Although Triumph-Adler provided no earnings figures, the management said that profits had increased, albeit at a slower rate than sales. However, the year's dividend—20 per cent for Triumph and 14 per cent for Adler—is assured, unchanged from the 1977 level.

Growth came primarily in the domestic market, according to the report. The group, which owns the fully-integrated Royal Organisation, by the U.S., said that exports as a proportion of turnover fell back from 1977's 64 per cent to 60 per cent.

Meanwhile there is still no news, according to the group's management, as to whether Volkswagen's takeover of control will be approved by the Federal Cartel Office in Berlin. Nor has it yet been announced how much VW will pay for its 55 per cent stake in the group which was achieved through a DM 46m increase in the group's nominal capital bringing it to DM 50.5m.

Based on the price of DM 630 per DM 50 nominal share quoted for Triumph-Werke on the Munich stock exchange on the day the deal was announced, VW could be paying up to DM 557m (\$140.7m) for its stake.

All these Bonds have been sold. This announcement appears as a matter of record only.

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April 10, 1979



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مكتبة المجلد

Charles Batchelor in Amsterdam takes a look at the Robeco Group

Still expanding fifty years on

LAST MONTH'S launch of a fourth investment fund added to the activities of the Robeco group, the largest collective investment group outside the U.S. with total assets of nearly \$10bn (\$5bn). Despite its policy of keeping a low profile—with no sales force of its own and a minimum of advertising—the Dutch group has become one of the most formidable investment funds in Europe and elsewhere.

Robeco now consists of four funds: Robeco itself, with its \$1.42bn of assets, tries to balance yield and capital appreciation with its investments; Rolinco concentrates on shares offering high capital appreciation, with its \$1.25bn portfolio; Roreto's \$1.23bn of assets are in fixed interest stocks, chosen primarily for high income; Rodameco, the property fund set up last month with total assets of \$1.53bn will, like Robeco, seek to combine yield with capital appreciation through its investments in property and property funds.

Robeco relies on the recommendation of investors, brokers and banks to sell its shares. The absence of its own sales force is one reason for the low management charge—0.24 per cent of assets in 1978. Advertising is usually limited to announcements at the time of interim and final reports.

Robeco group shares are sold through the stock markets. Robeco and Rolinco shares are quoted on 20 exchanges in Europe and the Far East,

although the Securities and Exchange Commission has not been willing to grant a listing on U.S. exchanges. The shares can be bought through banks or stockbrokers, while Robeco also offers shareholders accounts in Geneva and Rotterdam.

The broad spread of Robeco's shareholdings is an important part of the fund's strength. Its

of the European Options Exchange, although Robeco's policies have been defensive with the group only writing options on stocks in its own portfolio.

Who invests in Robeco and its sister funds? In Holland individual Robeco shareholders come from a cross section of the public, although the 30 per cent of shareholders abroad

Robeco? "We realise this is a delicate situation," was the reply from Mr. Willem Engelberts, one of Robeco's five managing directors.

But in general the banks see advantages in being able to offer an independent fund alongside their own house funds. Robeco also offers a spread of international investment which they often cannot match. Over the years, links with the banks have been good.

Robeco is now in its 50th year. It was in 1929 that a group of bankers and ship-owners set up an investment club. The group still sees itself as a club. The entire staff of 150, including the president, helped out with the enormous postage prompted by the Rodameco introduction.

Mr. Engelberts feels the Robeco style is unlikely to be copied. Most countries are opposed to funds which are both open ended and listed on a Stock Exchange. What Robeco sees as its co-operative structure also makes it less attractive to a model. It has no partners and even senior managers are salaried. In theory they can be voted out by the shareholders.

The group is happy to maintain its headquarters in Holland even if the Roreto fund has its registered office in Curaçao. The ease of capital movements and the flexible attitude taken by the tax inspector to investment funds, make Holland the "ideal base."

From its beginnings as an investment club for Dutch businessmen, the Robeco group has grown into an international organisation with assets close to \$5bn. The group has recently added a fourth string to its stable of funds.

latest annual report showed that 25 per cent of its assets were in the U.S., 10 per cent in Japan, another 10 per cent in Dutch international and 9 per cent in Dutch local stocks, with the rest spread over 14 other countries. Some 19 per cent of assets were in financial institutions, 10 per cent in oil stocks, 8 per cent in utilities and 6 per cent in electrical equipment companies.

While Robeco's reputation is for sound investment, it is not afraid to apply techniques which have shocked some of the more traditional shareholders. It has regularly hedged the currency risk on its dollar portfolio over the past year or so, while in the early 1970s it bought gold. The more speculative nature of the gold market now means that Robeco would probably not repeat this form of investment. It has made use

tends to be classified as the "better informed investor," used to thinking internationally.

The heart of Robeco's modest Rotterdam headquarters, hidden away behind the imposing Royal Dutch Shell tower, is its research and investment departments. The research division looks at wider economic developments, business sectors, individual companies and currencies. The investment staff divide the world into four areas: Northern Europe, Southern Europe (including Belgium and France), Asia and the Americas.

Without its own sales organisation, Robeco is highly dependent on being recommended by banks to their clients. At the same time the banks have launched their own investment funds in recent years. Where does this leave

SINGAPORE PROPERTY DEVELOPMENT

Raffles City within the city

BY H. F. LEE IN SINGAPORE

THE DEVELOPMENT BANK of Singapore (DBS) is to go ahead with a \$860m (around US\$275m) property development project in one of Singapore's choicest city areas.

To be called Raffles City, the property development will be the largest single commercial property project ever to be undertaken in Singapore.

Raffles City will occupy the former site of Singapore's oldest school, Raffles Institution, bounded by Bras Basah Road, Stamford Road and North Bridge Road, and only a stone's throw from Singapore's famed Raffles Hotel.

DBS has disclosed that planning approval in principle of the final plans has already been obtained from the Government authorities, and that foundation work is expected to commence in the second half of this year.

The entire project is scheduled for completion by end-1984, but phased occupation is expected by 1983, when shops and offices will become available for rent.

Raffles City, the bank said, is based on the concept of a city within a city, and will have a total built-up area of 400,000 sq metres.

The main tower block, a 66-storey, 1,200-room hotel, will be the tallest building in Singapore.

Other main buildings are: a 42-storey office tower, a 31-storey twin-tower hotel tower housing 1,000 rooms, a seven-storey podium block with a 4,000-seat convention hall, a 1,200-seat theatre-cum-concert hall and 30,000 square metres of office space for rent, and a three-level basement car park with a capacity for 1,000 cars.

DBS said that its company, Raffles City Private, with an

issued capital of approximately \$525m has been incorporated to own, develop and manage the complex.

DBS, which is 49 per cent owned by the Singapore Government, will have the largest interest in the company, while the Singapore Government will also have a substantial direct stake.

Discussions with other shareholders were in an advanced stage, the bank said, and commitments in principle had been obtained for more than 80 per cent of the total shareholdings in the company.

The complex was designed by the well-known American Chinese architect, I. M. Pei.

Meanwhile, British-American Tobacco (Singapore) and Straits Properties, the wholly-owned subsidiary of the Straits Steamship group, said they are to set up a joint venture to redevelop a property currently owned by British-American.

The company will be owned 51 per cent by Straits Properties and 49 per cent by British-American Tobacco.

The property, formerly known as Virginia House, comprises a three-storey office and warehouse building, occupying 1,403 square metres of land. It was last valued in 1977 at \$82.2m (US\$1m).

The upsurge in Singapore's property market has brought the local property developer, City Developments, back to profitability.

For the year ended October 1978, the group reported post-tax profit of \$2286,205 (US\$131,000), compared with a loss of \$51.45m in the previous year.

Ambassador Hotel, one of the smaller Singapore Hotels, chalked up a 35 per cent im-

provement in profit last year, against the background of the tourist boom.

Post-tax profits for 1978 were \$527,007 (US\$195,000), against \$8315,286 previously.

Ambassador has proposed a first final gross dividend of 71 per cent.

Sharp rise for Shell in Malaysia

By Wong Sulong in Kuala Lumpur

SHELL REFINING, the Malaysian arm of the Shell group, said its after-tax profits rose sharply last year from 6.6m ringgits to 15.2m ringgits (\$6.3m) for last year, reversing the depressed results of the past three years.

Shell's results came hard on the heels of the announcement by Esso Malaysia Berhad, another refining company in Malaysia, that its after-tax profits had risen fourfold to 24m ringgits.

Like Esso, Shell attributed its improved results mainly to the signing of a new fuel supply contract with the National Electricity Board last August which provided for more realistic and profitable margins.

Shell's refinery at Port Dickson increased its output by 12 per cent during the year to 64,000 barrels daily. This included an 11 per cent increase in refining for third parties, which amounted to 17,888 barrels daily.

In line with its better results, Shell is paying a final dividend of 12.5 per cent, making 17.5 per cent for 1978 compared with 12.5 per cent in 1977.

Bata Berhad maintains growth

By Wong Sulong

BATA BERHAD, the Malaysian shoe manufacturer, increased its profits by 20 per cent last year, in spite of strong competition at home, the rising cost of raw materials, and restrictions abroad.

Pre-tax profits rose from 4.46m to 5.34m ringgit (\$2.42m) on sales, up by 8 per cent to 56.2m ringgit.

The company said it carried out an extensive up-dating of its shoe lines in 1978 and this enabled it to maintain its growth in the local market.

Labour costs increased by more than 14 per cent last year, while the restrictions placed by Malaysian footwear manufacturers overseas limited the growth in export sales to only 2 per cent to 6.89m ringgit.

Bata Berhad is paying a final dividend of 14 per cent, for a total of 20 per cent compared with 18 per cent in previous years.

The company expects 1979 to be a better year, and the first quarter proved to be promising.

JAPANESE COMPANY NEWS

Banks reduce share ownership

TOKYO — The number of Japanese companies controlled by major banks totals 257 out of the 1,705 listed on Japan's eight major stock exchanges, according to a survey by the Nihon Keizai Shimbun, the leading economic daily here. The volume of combined shares held by the 13 major commercial banks and three long-term credit banks amounts to about 3.375bn shares.

However, the proportion of shares held by the banks has been in decline since the revision of the anti-monopoly law in December 1977. Under the new law, Japanese banks will not be able to hold more than 5 per cent of a company's shares, after a 10-year grace

period, compared with the previous 10 per cent.

By 1987, when the grace period is over, the banks are expected to liquidate or sell stocks totalling about 750m shares.

Mitsubishi Bank leads the 16 banks in terms of the number of companies controlled, with a total of 39. The volume of shares held by Mitsubishi is 585m, the survey found. Dai-ichi Kangyo Bank ranked second with 38 companies (430m shares), and Fuji Bank third, with 31 companies (463m shares).

● Nikkatsu Corporation of Tokyo, one of Japan's oldest movie producers, has announced the acquisition of a majority

ownership in a U.S. movie company in Hollywood, bringing it entry into the U.S. and Canadian markets for film and television drama.

Nikkatsu said that the company had signed a provisional contract with the Petersen Company of Los Angeles to obtain 80 per cent of the U.S. company's common stock for about \$1.6m.

The official contract was to be signed in May, and Nikkatsu planned to acquire the remaining 20 per cent by 1984. The U.S. company has a paid-up capital of \$106,400 and produces cinematic dramas and TV commercials.

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All of these Securities have been sold. This announcement appears as a matter of record only.

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April 12, 1979

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THE FINANCIAL WEEKLY FOR EXECUTIVES IN BUSINESS AND FINANCE PUBLISHED BY THE BOND BUYER

Vol. 3 No. 30

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Companies and Markets

Fowl plague hits second farm

By Our Commodities Staff

GOVERNMENT VETS have confirmed a second outbreak of fowl plague, a fatal and incurable poultry disease, on a turkey farm in North Repps, Norfolk, close to the farm found to be infected two weeks ago.

The two outbreaks are the first recorded in Britain since 1963.

All the birds on the farms have been slaughtered and the farmers compensated. Controls have been imposed in the area to help to prevent further spread of the disease.

The Ministry of Agriculture reported yesterday that fears that swine vesicular disease had spread across the country had been unfounded.

Tests on all pigs on a farm at Eaton Moor, some 70 miles from the seat of the current outbreak on Humberside, proved negative.

Vets are now investigating two more suspected cases in North Humberside.

UK nickel price rises

By Guy Hawtin in Frankfurt

International Nickel confirmed yesterday its sterling quotation for plating nickel had been increased by \$289 to £2,750.09 a tonne, following last week's rise in the world dollar price to \$2.55 a pound. Similar increases have been made for other grades of nickel.

The UK price of nickel is normally calculated on a monthly basis, taking into account the dollar/sterling parity rate.

Meanwhile, Cubanque-Habana has raised its price in line with the increases announced by other producers according to its European marketing agents.

Uruguay's fish catch rising

MONTEVIDEO — Uruguay's fish catch for meat manufacture is expected to rise to 100,000 tonnes this year from 75,000 tonnes in 1978, sources from the Fishing Development Organisation said.

Last year Uruguay exported 32,732 tonnes of fish for a total of \$22.49m.

Reuter.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER — Full away on the London Metal Exchange reflecting the overnight weakness of U.S. markets on news of a settlement of the strike at Noranda's Gaspé mine and fall in car sales this morning in the U.S. Forward metal opened at £1,024 and edged up to £1,027 before coming under general liquidation which touched off a modest rally. The price closed at £1,028. Turnover: 31,275 tonnes.

Commodity	Unit	Price	Change
Wirebar	1000 lb	99.4	-0.1
6 months	1000 lb	99.4	-0.1
3 months	1000 lb	99.4	-0.1
1 month	1000 lb	99.4	-0.1
U.S. 6 months	1000 lb	99.4	-0.1
U.S. 3 months	1000 lb	99.4	-0.1
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Speculative selling hits London copper prices

By JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES fell sharply on the London Metal Exchange yesterday as a result of heavy speculative selling following the decline in the New York market over the Easter holiday.

Cash wirebar closed last night at £1,025 lower at £998.5 a tonne, while the three months quotation lost £37.5 to £999.5.

Rumours of a settlement being reached to end the long strike at Noranda's Gaspé mine in Canada helped to depress prices, but the main influence was profit-taking sales in what was described as an overbought market.

The failure of copper prices to move to higher levels, despite the continued fall in warehouse stocks and shortfalls in supplies from the African copper belt and Canada, seems to have persuaded speculators that it is better to take profits at this stage and perhaps buy back in again when prices move lower.

The trade remains generally "bullish" about the future trend of prices, mainly because of pessimism about supply setbacks. There is far less certainty about demand.

Reports of a drop in U.S. car sales this year added weight to the predictions that the U.S. may be entering a period of

industrial recession reflecting the rise in oil prices and the need to conserve energy supplies.

It is pointed out that the recent upsurge in market prices has probably taken into account all the supply setbacks, which could well improve with, for example, a settlement of International Nickel's long-running strike at its Sudbury complex.

Little attention has been paid so far to prospects for demand in view of the general shortage of good quality brands and concentrates that has been the main pre-occupation of buyers.

As expected there was another fall in copper stocks held in LME warehouses. Stocks were down by 3,725 tonnes reducing total holdings to 249,700 tonnes — the smaller decline than in the recent weeks is attributed to the Easter holiday limiting shipments.

A rise in warehouse stocks of lead, when a decline had been generally predicted, was an extra depressing influence in a market already hit by the trend in copper. As a result, cash lead dropped by £24 to £541 a tonne and is now more than £60 below the all-time peak reached about a month ago.

Lead stocks rose by 250 to 18,500 tonnes — an increase of

New low in cocoa market

By Richard Mooney

CONCERN OVER declining demand pushed cocoa futures prices lower again on the London market yesterday.

Following the publication of disappointing U.S. and UK first quarter cocoa bean grindings figures in recent weeks, many London traders now expect the West German January/March grind to be about 15 per cent below last year's level.

West German cocoa usage in the first quarter had previously been forecast five to 10 per cent lower compared with 1978.

The revised forecast helped to push the July future quotation down by the £40 permitted daily limit in the morning. Covering purchases lifted values in the afternoon but July delivery cocoa still closed £23 lower at £1,532.5 a tonne — the lowest level since February 1978.

Some dealers thought the fall might also have reflected a belated reaction to the 16.7 per cent fall in first quarter UK grindings announced last Thursday. They said the imminence of the long Easter break may have dissuaded dealers from selling cocoa immediately after the announcement.

With the "bear" trend now appearing firmly entrenched, most buyers expect cocoa values to fall below the psychologically important £1,500 a tonne level before very long.

Record spice imports in U.S.

WASHINGTON — U.S. imports of pepper, sesame seed and other spices and condiments topped a record \$197.5m in 1978, an increase of about 8 per cent over 1977.

Pepper imports, primarily from Brazil, Indonesia and Malaysia, totalled more than \$60m.

World exports of pepper, the report added, amounted to nearly 120,000 tons in 1978, reflecting larger shipments by Brazil, Indonesia and Malaysia.

The U.S. is also a spice exporter, but these shipments last year were valued at only about \$20.3m.

AP-DJ

ANTLER VELVET

Potential tonic for deer farming

By A CORRESPONDENT

THE WORLD search for health tonics is leading Hong Kong dealers to Australia, New Zealand, Canada and the U.S. Europe and even Scotland to purchase antler velvet for an ever-growing list of buyers.

The powdered or sliced dried velvet — a furry covering found on the growing antlers of deer — is said to slow down the ageing process, give stamina and endurance, and have aphrodisiac qualities. Despite a retail price in Hong Kong of \$40 to \$80 an ounce it is finding a growing market in a world seeking solutions to stress.

It is a regular tonic for the Asian male who consumes the velvet after it has been steamed for 10 hours with ginseng and Chinese tonic herbs. Once a year a stag takes two cups a night for five consecutive nights and three weeks later allegedly feels a new man. Women may use a velvet jelly during breast feeding.

The UK has not so far benefited from the demand because the RSPCA does not look kindly upon a deer or antler velvet. Antlers are still clothed in velvet from the heads of the red deer stag, even though common practice around the world is for the velvet to be taken under the control of a veterinary surgeon who anaesthetises the animal before the antlers are removed.

The base of the horn is then cauterized to dry the wound and the animal is freed to grow a new set of antlers as he would normally do in preparation for the following breeding season.

Hinds and stags at a very

average sale will average \$NZ 1,580 a head. So the live red deer imported from Scotland to Wellington in 1981 to provide shooting for the Scottish settlers, since despised as a nuisance, and culled hard by the forest service for damaging native bush, are now much in demand.

Stock farmers say they can run deer in conjunction with their sheep and beef herds on a rotation system, stocking three deer to an acre which will carry one beef animal or five sheep. Long-term they look to the velvet market to provide a bonus and help to cover the cost of establishing a deer herd which, in years to come, will provide venison currently selling at \$NZ 250 to \$NZ 300 for a 220-lb carcass. Europeans, and Germans in particular, are already eager buyers of New Zealand venison.

Hong Kong dealers believe deer velvet has an unlimited market. They say it will be sought by the Western market, become a cult, and then an everyday tonic — as has happened with ginseng.

The velvet market is a new and secret business for the Australians and New Zealanders. No one will speak about it. The producers and breeders guard their outlets closely. The dealers guard their suppliers, and although international stock and land companies have their share of the business, they too prefer to keep a low profile.

But it is a business which could give the red deer of Scotland a fresh production boost.

Copro exports curb resisted

By DANIEL NELSON IN MANILA

DEMAND FROM millers for Government measures to discourage exports of raw copra has been resisted because the Philippine Coconut Authority (PCA) does not want to jeopardise its position in world markets just as it is about to launch a major replanting programme.

Processors complain that recent adjustments in duty favour exports of raw copra at a time when five mills have

closed because of lack of crushing material, and when mills are running at about 55 per cent of capacity.

They claim measures favouring raw exports are a reversal of Government policy which has increased the proportion of total coconut exports in the form of oil and desiccated copra to 42 per cent since 1969 to 82 per cent in 1978. With 16 mills under construction, processors' suggestions for export removal of a 50 per cent duty, soft bank loans to help them over a difficult period, deferment of levy payments for up to a year after shipment, discouragement of new mills and a ban on raw copra exports.

Rolando de la Cuesta, PCA chairman, said farmers would earn less if millers were allowed to dictate the copra price.

This edition went to press before the latest U.S. market reports were received.

AMERICAN COMMODITIES

NEW YORK, April 18. (AP) —

Cocoa — May 1979, 138.40 (138.40), July 140.80 (142.35), Sept. 143.50 (145.00), Dec. 146.50 (148.00), Mar. 149.00 (150.50), May 151.50 (153.00), July 154.00 (155.50), Sept. 156.50 (158.00), Nov. 159.00 (160.50), Jan. 161.50 (163.00), Mar. 164.00 (165.50), May 166.50 (168.00), July 169.00 (170.50), Sept. 171.50 (173.00), Nov. 174.00 (175.50), Jan. 176.50 (178.00), Mar. 179.00 (180.50), May 181.50 (183.00), July 184.00 (185.50), Sept. 186.50 (188.00), Nov. 189.00 (190.50), Jan. 191.50 (193.00), Mar. 194.00 (195.50), May 196.50 (198.00), July 199.00 (200.50), Sept. 201.50 (203.00), Nov. 204.00 (205.50), Jan. 206.50 (208.00), Mar. 209.00 (210.50), May 211.50 (213.00), July 214.00 (215.50), Sept. 216.50 (218.00), Nov. 219.00 (220.50), Jan. 221.50 (223.00), Mar. 224.00 (225.50), May 226.50 (228.00), July 229.00 (230.50), Sept. 231.50 (233.00), Nov. 234.00 (235.50), Jan. 236.50 (238.00), Mar. 239.00 (240.50), May 241.50 (243.00), July 244.00 (245.50), Sept. 246.50 (248.00), Nov. 249.00 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816.50 (818.00), Nov. 819.00 (820.50), Jan. 821.50 (823.00), Mar. 824.00 (825.50), May 826.50 (828.00), July 829.00 (830.50), Sept. 831.50 (833.00), Nov. 834.00 (835.50), Jan. 836.50 (838.00), Mar. 839.00 (840.50), May 841.50 (843.00), July 844.00 (845.50), Sept. 846.50 (848.00), Nov. 849.00 (850.50), Jan. 851.50 (853.00), Mar. 854.00 (855.50), May 856.50 (858.00), July 859.00 (860.50), Sept. 861.50 (863.00), Nov. 864.00 (865.50), Jan. 866.50 (868.00), Mar. 869.00 (870.50), May 871.50 (873.00), July 874.00 (875.50), Sept. 876.50 (878.00), Nov. 879.00 (880.50), Jan. 881.50 (883.00), Mar. 884.00 (885.50), May 886.50 (888.00), July 889.00 (890.50), Sept. 891.50 (893.00), Nov. 894.00 (895.50), Jan. 896.50 (898.00), Mar. 899.00 (900.50), May 901.50 (903.00), July 904.00 (905.50), Sept. 906.50 (908.00), Nov. 909.00 (910.50), Jan. 911.50 (913.00), Mar. 914.00 (915.50), May 916.50 (918.00), July 919.00 (920.50), Sept. 921.50 (923.00), Nov. 924.00 (925.50), Jan. 926.50 (928.00), Mar. 929.00 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(1040.50), Sept. 1041.50 (1043.00), Nov. 1044.00 (1045.50), Jan. 1046.50 (1048.00), Mar. 1049.00 (1050.50), May 1051.50 (1053.00), July 1054.00 (1055.50), Sept. 1056.50 (1058.00), Nov. 1059.00 (1060.50), Jan. 1061.50 (1063.00), Mar. 1064.00 (1065.50), May 1066.50 (1068.00), July 1069.00 (1070.50), Sept. 1071.50 (1073.00), Nov. 1074.00 (1075.50), Jan. 1076.50 (1078.00), Mar. 1079.00 (1080.50), May 1081.50 (1083.00), July 1084.00 (1085.50), Sept. 1086.50 (1088.00), Nov. 1089.00 (1090.50), Jan. 1091.50 (1093.00), Mar. 1094.00 (1095.50), May 1096.50 (1098.00), July 1099.00 (1100.50), Sept. 1101.50 (1103.00), Nov. 1104.00 (1105.50), Jan. 1106.50 (1108.00), Mar. 1109.00 (1110.50), May 1111.50 (1113.00), July 1114.00 (1115.50), Sept. 1116.50 (1118.00), Nov. 1119.00 (1120.50), Jan. 1121.50 (1123.00), Mar. 1124.00 (1125.50), May 1126.50 (1128.00), July 1129.00 (1130.50), Sept. 1131.50 (1133.00), Nov. 1134.00 (1135.50), Jan. 1136.50 (1138.00), Mar. 1139.00 (1140.50), May 1141.50 (1143.00), July 1144.00 (1145.50), Sept. 1146.50 (1148.0

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NOTES

Prices do not include \$5 premium, except where indicated, and are in price unless otherwise indicated. Prices are shown in last column after buying expenses, a 1% price plus includes a 1% expense. Today's prices, C. Yield based on offer price. d. Estimated. e. Today's opening price. f. Distribution of UK taxes. g. Periodic premium insurance plans. h. Single premium insurance. i. Offered price includes expenses except agent's commission. j. Offered price includes all expenses, if bought through manager. k. Previous year's price. l. Paid of tax on realized capital gains unless indicated by a. g. Surrender or S. Suspended. a. Yield before Jersey tax. j. Ex-subdivision. ** Only available to charitable bodies.

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CIG COMPUTERS LIMITED
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 London SW15 1SF, England.
 Tel: 01-788 8212

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1979	High	Low	Stock	Price	Yield	Div.	Yield
97.5	97.5	97.5	British 100	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 200	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 300	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 400	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 500	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 600	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 700	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 800	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 900	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 1000	100.00	10.00	10.00	10.00

Five to Fifteen Years

1979	High	Low	Stock	Price	Yield	Div.	Yield
97.5	97.5	97.5	British 100	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 200	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 300	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 400	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 500	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 600	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 700	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 800	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 900	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 1000	100.00	10.00	10.00	10.00

Over Fifteen Years

1979	High	Low	Stock	Price	Yield	Div.	Yield
97.5	97.5	97.5	British 100	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 200	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 300	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 400	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 500	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 600	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 700	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 800	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 900	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 1000	100.00	10.00	10.00	10.00

Undated

International Bank

Corporation Loans

Public Bonds and Ind.

Financial

Foreign Bonds & Rails

Commonwealth & African Loans

Loans

Public Bonds and Ind.

Financial

Foreign Bonds & Rails

Commonwealth & African Loans

Loans

Public Bonds and Ind.

Financial

Foreign Bonds & Rails

Commonwealth & African Loans

Loans

Public Bonds and Ind.

Financial

Foreign Bonds & Rails

Commonwealth & African Loans

Loans

Public Bonds and Ind.

Financial

Foreign Bonds & Rails

Commonwealth & African Loans

Loans

Public Bonds and Ind.

Financial

Foreign Bonds & Rails

Commonwealth & African Loans

Loans

Public Bonds and Ind.

Financial

Foreign Bonds & Rails

Commonwealth & African Loans

Loans

Public Bonds and Ind.

Financial

Foreign Bonds & Rails

Commonwealth & African Loans

Loans

Public Bonds and Ind.

Financial

Foreign Bonds & Rails

Commonwealth & African Loans

Loans

Public Bonds and Ind.

Financial

Foreign Bonds & Rails

Commonwealth & African Loans

Loans

Public Bonds and Ind.

Financial

Foreign Bonds & Rails

BONDS & RAILS—Cont.

1979	High	Low	Stock	Price	Yield	Div.	Yield
97.5	97.5	97.5	British 100	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 200	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 300	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 400	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 500	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 600	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 700	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 800	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 900	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 1000	100.00	10.00	10.00	10.00

AMERICANS

1979	High	Low	Stock	Price	Yield	Div.	Yield
97.5	97.5	97.5	British 100	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 200	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 300	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 400	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 500	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 600	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 700	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 800	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 900	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 1000	100.00	10.00	10.00	10.00

CANADIANS

1979	High	Low	Stock	Price	Yield	Div.	Yield
97.5	97.5	97.5	British 100	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 200	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 300	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 400	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 500	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 600	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 700	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 800	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 900	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 1000	100.00	10.00	10.00	10.00

BANKS AND HIRE PURCHASE

1979	High	Low	Stock	Price	Yield	Div.	Yield
97.5	97.5	97.5	British 100	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 200	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 300	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 400	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 500	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 600	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 700	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 800	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 900	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 1000	100.00	10.00	10.00	10.00

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Washington: 2700 K Street, N.W. Tel: 202 462 1111.

Zurich: 11, rue de la Gare, 8001. Tel: 043 20 44 00.

BANKS & HP—Continued

1979	High	Low	Stock	Price	Yield	Div.	Yield
97.5	97.5	97.5	British 100	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 200	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 300	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 400	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 500	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 600	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 700	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 800	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 900	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 1000	100.00	10.00	10.00	10.00

HIRE PURCHASE, etc.

1979	High	Low	Stock	Price	Yield	Div.	Yield
97.5	97.5	97.5	British 100	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 200	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 300	100.00	10.00	10.00	10.00
97.5	97.5	97.5	British 400	100.00	10.00	10.00	

Prestcold verdict will be delayed

BY JOHN HUNT

A FINAL decision about the long-term future of BE's Prestcold subsidiary will not be taken until after the General Election, Mr. Gerald Kaufman, Industry Minister, said yesterday.

But it was clear from statements by Mr. Kaufman and by the Prime Minister that a Government directive requiring the National Enterprise Board to acquire the company is now imminent.

The intention would be to use this as a breathing space to consider further Prestcold's future, assuming a Labour Government is returned.

Much concern centres on Prestcold's two plants at Hillington, Glasgow, which produce compressors for the industry. The plants accounted for some £16m of Prestcold's 1978 sales of £61m, but lost £800,000 that year and, assuming they are not shut, are expected to lose £1m to £1.5m this year. At the factories, 900 workers were due to have been sent closure notices last Thursday.

Mr. Callaghan, at his daily election press conference, confirmed that Mr. Eric Varley, the Industry Secretary, was prepared to issue an order instructing the NEB to buy Prestcold.

Later, on the BBC radio programme *World at One*, Mr. Kaufman said his department was asking the NEB through a directive under the Industry Act to negotiate to take over Prestcold from BL.

Mr. Kaufman stressed that its closure would mean that Britain would have to import foreign refrigeration equipment in its place.

Asked about reports that the takeover was being forced on a reluctant NEB by the Government, Mr. Kaufman said: "Everyone says the Government is pushed around by civil servants. We are saying the Government has rights on behalf of the people as a whole."

He doubted whether a final decision would be taken on the future of the company before May 3 and observed "It requires very careful thought."

Talking along similar lines Mr. Callaghan declared: "If it requires a direction to do it then we should issue the direction until ministers have an opportunity to discuss the matter fully."

The issue has blown up into an election controversy between Labour and the Conservatives and Mr. Callaghan vigorously defended the projected rescue.

A sharp attack on Tory policy on the NEB was delivered yesterday by Mr. Peter Shore, the Environment Secretary. In Portsmouth, he called the NEB "one of the major successes of this Government" which was to be starved of funds under a Conservative administration.

Justin Loe adds: Mr. John Nott, Conservative trade spokesman, last night rejected Labour accusations that he would be prepared to allow firms such as BL to go to the wall for lack of investment.

Pressed further to say whether a Conservative government would allow BL to go to the wall, Mr. Nott said: "Nothing would make me happier than to see Mr. Michael Edwards succeed. He is doing a fine job."

Continued from Page 1

Forces pay

stresses that, even after the current pay rises, military salaries will still be well below the levels for comparable jobs in civilian life.

"Whatever the immediate effect, the earliest possible restoration of competitive pay levels is the least that is needed," it says. The extra cost would be about £11.5m—equivalent to the cost of training 140 more pilots for the RAF.

The Pay Review Body urges the Government to make the payment as soon as possible, and to do all it can to ensure that forces' pay is not allowed to fall behind civilian rates, again.

"We are in no doubt that servicemen are entitled to expect that, during the period of service for which they enlist, their earnings and conditions of service will continue to reflect what they could earn outside."

"Only if servicemen are assured that it is the intention to keep pay up to date can recruitment and retention return to, and be maintained at, satisfactory levels."

Conti-Gummi buys out Uniroyal in Europe

BY GUY HAWTHIN IN FRANKFURT AND JOHN WYLES IN NEW YORK

CONTINENTAL Gummi-Werke, West Germany's largest tyre manufacturer, is to purchase all the European tyre operations of Uniroyal of the U.S. in a deal that could increase sales of the German company by more than half.

The acquisition will bring Conti-Gummi four tyre-making plants in West Germany, Belgium, France and the UK as well as a textile factory in Luxembourg which produces tyre cord. Conti-Gummi will also assume control of Uniroyal's sales and marketing organisation, together with all European sales outlets.

Although Uniroyal would not disclose the price being paid by Continental, the U.S. company was not challenging unofficial estimates in the \$100m range. The European tyre operations accounted for around \$400m of Uniroyal's \$2,735m net sales last year and analysts speculate that operating profits were in the region of \$25m.

But the company complained in its 1978 annual report of the effects of "unprecedented price competition in Europe. This difficulty, allied to its determination to concentrate resources on its much more profitable specialty chemicals and plastics businesses, help explain the sale."

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Continued from Page 1

BP-ICI plant costs soar

BY KEVIN DONE, ENERGY CORRESPONDENT

CONSTRUCTION costs for the 500,000 tonnes a year ethylene plant being built jointly by Imperial Chemical Industries and British Petroleum at Wilton, Teesside—the biggest so far in the UK—have risen dramatically and the plant is now about two years behind schedule.

The plant is now expected to cost more than £200m compared with the original 1974 estimate of £100m.

Construction has fallen two years behind schedule and the plant is unlikely to be commissioned before September at the earliest.

The actual start-up could be delayed beyond then by the continuing industrial problems at ICI's Wilton site.

Some of the pipework on the cracker has also been found to be sub-standard and has had to be replaced. In addition, ICI is still suffering at Wilton from a shortage of instrument fitters, the men needed to commission new plants.

The company warned earlier this month that it may have to start closing some plants again on Teesside, because of the shortage of these skilled workers, who instal, maintain

and repair control room instrumentation.

ICI has been in dispute for many months with the electrical and engineering trade unions over the re-training of other skilled men to become artificers, and the number of men working in this trade at Wilton has dropped from 255 at the New Year to 236, with a further fall predicted by the summer.

In the past, ICI has blamed the ethylene plant delay on three main factors: failure to complete the design stage on time, late delivery of equipment and poor productivity caused by absenteeism and a series of stoppages.

The plant, which will be owned jointly by ICI and BP Chemicals, has been designed to produce 500,000 tonnes a year of ethylene, 250,000 tonnes a year of propylene, 180,000 tonnes a year of heavier petrochemical fractions and 90,000 tonnes a year of butadiene.

Ethylene and propylene are two of the most important basic petrochemicals and are the starting point for manufacturing a wide range of products from plastics and textiles to detergents, paint and anti-freeze.

Conti-Gummi said yesterday that there would be no unemployment as a result of the takeover. The two operations would run in full competition after the acquisition. There would be no integration of development, production or sales.

Analysts in West Germany appear to believe that there could be two main reasons for the deal. First, Uniroyal is thought to be offering its European tyre operations to Conti-Gummi at a bargain price and, second, Phoenix-Gummiwerke, Conti-Gummi's main German competitor, announced two months ago that it is pulling out

years because of controversy about Lonrho's accounting policies.

The group's latest annual report is the subject of an investigation by the English Institute of Chartered Accountants.

Mr. Paul Spicer, a Lonrho director, said yesterday that the finance committee consisted of about seven senior directors and executives, most of whom are chartered accountants.

Mr. Butler was not available for comment. He is replaced by Mr. Art Golden as chief executive of Louis Marx. Mr. Golden is a former executive vice-president of U.S. toy maker Gabriel Industries, a subsidiary of CBS.

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Carter pressure on Fed lifted

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT Jimmy Carter has told his senior economic policy-makers to stop hinting in public that the Federal Reserve should further tighten monetary policy in order to slow down the economy and thus help control inflation.

In a series of interviews over Easter, Mr. G. William Miller, the Fed's chairman, expressed some resentment at the pressure he felt was being exerted on the central bank from the Government.

He also expressed doubt that pushing up interest rates substantially would have much economic impact at present and implied that the Fed's critics had been overreacting to monthly economic data, which were far from conclusive.

This appears, at least for the moment, to be Mr. Carter's view as well. He is reported to have sent personal notes to Mr. Michael Blumenthal, the Treasury Secretary, and Mr. Charles Schultz, chairman of the Council of Economic Advisers, late last week telling them to

let the Fed determine the proper monetary policies.

Both officials and others in the Administration have on various occasions recently obliquely suggested that the Fed needed to tighten monetary policy even further as a symbolic and practical contribution to the war on inflation.

Even though Mr. Miller may have won an intra-Washington skirmish, the Fed currently stands squarely in the inflation spotlight. Its open market committee was meeting yesterday to consider future monetary policy moves.

Both the bond and stock markets had been depressed on Monday at the prospects of a severe Fed action, but rallied yesterday on the news of President Carter's notes to his aides and on the substance of Mr. Miller's latest interview.

Last Friday, the Fed moved an inch in the direction of stringency by closing some loopholes in reserve requirement regulations. Mr. Miller did not rule out similar modest steps while he said that most of the

recent discussions inside the Fed had been on how to make the shoeleaves tighter.

More generally, he rejected the fashionable argument of the moment that the economy is overheating. He said that, last month's surge in industrial production represented a recovery from the weather-ridden mid-winter months, that retail sales would be "very weak" if car sales were excluded, that inventory accumulation had not reached disturbing proportions, and that consumer debt had been "moderating."

David Friend writes: The dollar was little changed at the end of the day. Early gains from expectations of a tighter Federal Reserve credit policy were reversed by a report from a Kuwait oil official that the Organisation of Petroleum Exporting Countries would reconsider oil prices in June.

The dollar closed weaker than in New York on Monday, although there was a gain on Thursday's closing level in London.

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Airways

recently and there had been speculation about a possible bid. The board is to consider the offer with its financial adviser, Morgan Grenfell and Co.

Shares of Debuture jumped 10p yesterday to 98p, just below the 99p which British Airways claims is the net asset value at current prices. The net asset value is calculated after taking off contingent tax liabilities on capital gains, prior charges at their nominal value, and the cost of severing the management arrangement with John Govett.

If the bid is successful it will reduce the funds managed by John Govett by more than a tenth. Govett currently has £350m under management, including £275m in publicly quoted investment trusts.

The British Airways pension fund holds some £500m of investments and its net annual cash flow is over £80m. It is responsible for the future pensions of 50,000 employees and current benefits of over 10,000 people. The fund is advised by The British Linen Bank.

Rhodesia Blacks queue to vote

By Tony Hawkins in Salisbury

RHODESIA'S majority rule elections started yesterday with heavy voting reported from all parts of the country.

The only sour note came in Salisbury, the capital, where some 800 black students at the University of Rhodesia demonstrated against the poll, carrying banners saying "Chunus—Come And Save Us."

Official voting figures were to be released later in the day, but observers and Government officials monitoring the poll all reported a heavy turnout. The booths will remain open until Saturday evening with the first results announced early next week.

Heavy polling on the first day had been expected. Whether it would be maintained throughout the week is an open question.

In Salisbury there was evidence of a very heavy poll, especially in the black townships. At the Glen Norah township, some 10 miles from the city centre, the queue of voters was 5,000 strong in mid-morning, while elsewhere in the capital there were reports of 2,000 to 3,000 blacks queuing.

"Delighted"

Bishop Abel Muzorewa, leader of the United African National Council, which is expected to win more than 60 of the 72 Black seats, said he was delighted with the heavy poll.

But officials of Chief Chibiro's ZUPU said its officials around the country were reporting a heavy turnout for the Conservative Chief's party, which favours all-party talks to resolve the Rhodesian dispute and end the six-year-old war.

Riot police stopped the black students on the Salisbury campus from marching into the city carrying placards branding the elections as "phony and bogus." "We shall take our country by the hazzoka," the students sang. "The revolution continues."

In rural areas police estimated that more than 90 per cent of the eligible blacks employed on white-owned farms had cast their votes in the farming village of Wedza, north-east of Salisbury, despite a strong guerrilla presence in the area.

In Bulawayo, where a poor turnout had been expected, there were queues of blacks waiting to vote, while in the Birchington Bridge district of south-east Rhodesia an estimated 900 voters, out of a total 5,000, had gone to the polls by mid-day.

Observers questioning black voters were repeatedly told at various polling booths in the Salisbury district that they had not been intimidated by the Government or by political parties.

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Weather

UK TODAY

DRY with sunny periods in southern England and South Wales. Moderate or heavy rain in Scotland and Ulster. Cloudy with sunny intervals in North Wales and Northern England. Max 16C (61F).

London, SE England, E Anglia Cloudy at first. Sunny later. Cent. S England, E England, Midlands, S Wales, Cent. N England, Channel Isles Mainly dry. Sunny intervals. Scotland and Ulster Moderate or heavy rain at times.

● Outlook: Rain spreading to the South East. Bright intervals and showers. Becoming cooler.

WORLDWIDE

	Y'day	Today	Y'day	Today	
Algeria	20	26	Locarno	7	45
Algiers	20	26	London	7	45
Amman	19	25	Luxemb.	8	43
Athens	27	78	Madrid	13	54
Bahra	23	73	Manila	18	84
Batavia	23	73	Mexico	17	83
Bombay	23	73	Moscow	14	57
Buenos	23	73	Mumbai	14	57
Calcutta	23	73	Nairobi	10	50
Canton	23	73	Paris	11	52
Cebu	23	73	Rangoon	11	52
Colon	23	73	Reykjavik	10	50
Hankow	23	73	Rome	11	52
Hong Kong	23	73	Saltzbrg	7	45
Kobe	23	73	Singapore	31	87
London	7	45	Sourabaya	11	52
Lyons	8	46	Taipei	11	52
Manila	18	84	Tokyo	11	52
Medan	23	73	Toronto	11	52
Meppen	8	46	Tunis	15	60
Moscow	14	57	Valencia	12	54
Mumbai	14	57	Vancouver	12	54
Nairobi	10	50	Warsaw	9	49
Paris	11	52	Wien	7	45
Rangoon	11	52			
Reykjavik	10	50			
Rome	11	52			
Saltzbrg	7	45			
Singapore	31	87			
Sourabaya	11	52			
Taipei	11	52			
Tokyo	11	52			
Toronto	11	52			
Tunis	15	60			
Valencia	12	54			
Vancouver	12	54			
Warsaw	9	49			
Wien	7	45			

Cloudy, S-Fair, F-Fog, R-Rain.

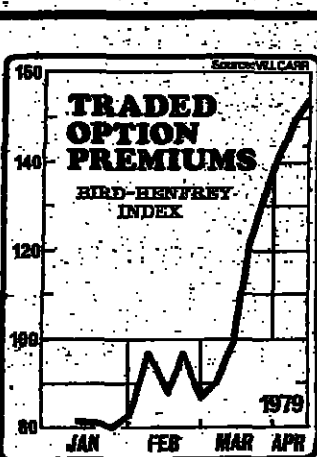
S-Sunny, S-Sleat, S-Snow.

C-Cloudy, F-Fair, FG-Fog, R-Rain, S-Sunny, SI-Sleet, SN-Snow.

THE LEX COLUMN

Airways scheme in new trust swoop

Index fell 3.0 to 538.9



The offer for The Debuture Corporation by the Airways Pension Scheme would, if successful, mark the fourth example of the takeover of a large investment trust by one of the major public-sector pension funds. It is getting on for a year since the Post Office Investment Trust Corporation in a three-way deal with Barclays Bank, and with the discount on assets for the average trust stretching out recently to some 30 per cent (though it has narrowed again a little in the past few weeks) the incentive has once more become strong for the pension schemes to go on the prowl.

The Airways fund has been studying the field since the turn of the year, and its announcement of the bid seems to have been accelerated slightly by leaks. It has meant launching the offer in the middle of an election campaign, but the final closing date will of course be well after polling day, and the fund does not see any point in holding off. This could indicate some of the pressure now being felt by the major pension funds to become fully invested; for the Airways scheme this £40m trust purchase would represent the investment at one go of six months of net inflows, and the fund reckons this sum would take a number of weeks to invest in the UK equity market without driving up prices.

For each ordinary share in the Debuture Corporation the Airways scheme is offering, in cash, the equivalent of net asset value on the day the offer goes unconditional (which at the earliest could be about May 20). It is suggested that the net would have been 98p on April 12, and the shares closed 10p higher at 96p last night.

But the Debuture Board has yet to give its verdict, and it is bound to look very hard at the pension fund's proposal to deduct from the cost of the share being deducted in John Govett, not to mention the respect of contingent capital gains tax (though there are precedents for the second adjustment).

Currys

Half-way through the past trading year Currys remarked that, although sales were good, it was not experiencing a boom. For 1978-79 as a whole pre-tax profits, after various provisions, rose much in line with sales, by 18 per cent to £12.2m, and the general picture seems to be little changed.

Currys is a mature force in the retailing of electrical goods, and its traditional preserve is coming under attack not only

from the discount warehouses but also from competitors such as Debenhams and Tesco. Last year sales rose faster than costs and Currys managed to hold net trading margins steady, but gross margins are under constant pressure and have fallen further in the current year.

Currys' provision for un-matured profit on credit trading rose £1.8m in the second half of 1978-79, compared with a £2.1m increase in the same period of 1977-78. Even taking into account the difficult conditions of January and some shift from credit to cash payment, the figures suggest an underlying dull trend at the end of the year. Unless consumer spending is unexpectedly buoyant it looks unlikely that Currys' profits in the current year will do much more than match inflation.

At 205p, down 5p, the shares yield only 3.8 per cent. The 5.1p dividend is covered by earnings per share, on an SSAP 15 basis, of nearly 35p, and it might be imagined that Currys' shareholders stand to benefit considerably from dividend freedom. But the company carries a conservative practice to the lengths of setting up an inflation reserve, and it might be more inclined to look at full-stated earnings after this transfer, which are then no more than 19p a share. The fully-taxed p/e of 8.3 puts the shares at a discount to the stores sector which looks justified, at least until the gross margin war abates.

Dumbee-Combox-Marx

UK companies, thinking of joining in the current corporate craze for acquiring rundown U.S. companies would do well to ponder the sorry tale of Dumbee-Combox-Marx. Yesterday, the auditors were still adding up the overseas losses, but the com-

pany revealed that overall earnings in 1978 will be insufficient to cover the maintained dividend of £1.5m. The year before Dumbee had made attributable profits of £5.5m. However, the promise of an unchanged dividend put the shares 2p higher at 76p where they yield 11 per cent.

Dumbee has made the classic mistake of expanding much too quickly in a market that it did not know well. In 1976 it took over Louis Marx, one of the largest toy manufacturers in the U.S., which had lost \$10m in the previous two years. Dumbee put in their own chief executive, reorganised the business and budgeted for sales of \$70m in 1977.

Before it had time to digest this acquisition, Dumbee was off on the U.S. acquisition trail again and paid \$11m for Aurora Products—another U.S. toy company which had notched up substantial losses in the past. Dumbee's management was so busy integrating Aurora that it forgot to keep an eye of Louis Marx where sales volume dropped a third below target in 1978. The end result is that Dumbee's U.S. operations have run up substantial losses which nearly offset the contribution from the profitable UK operations (£8m, say), and the company is saddled with heavy borrowings.

Dumbee has replaced its U.S. chief executive, brought in a new finance director from Lonrho, and is undertaking a "stringent review" of all its overseas operations. Dumbee has at last realised that without a proper management structure it cannot sustain its recent fairy-tale growth path.

Writers wanted

Option premiums have gone through the roof and kept on going in the last three weeks. According to brokers W. I. Carr, they are now twice the level that they should be on the normal theoretical basis. Premiums have been boosted by punters wanting a heavy bet on a Conservative victory in the election but not choosing to accept odds of 3-1 on offer by William Hill. A shortage of willing writers of options has exacerbated the situation. Insurance companies and pension funds, the natural option writers, have been put off by the tax treatment.

Even if the Conservatives win and even if the victory has not yet been fully discounted in the market, the punters could still get their fingers burnt. A buyer of GEC July 420 series, for example, needs a rise of 11p per cent in three months before reaching breakeven. Maybe the bookies' odds are not so bad after all.

Dreamland Group

Europe's Largest Manufacturer of Electric Blankets

Another Record Year

YEAR'S RESULTS IN £000's	1978	1977	1976
Total Turnover	8,317	6,732	5,281
Trading Profit	1,163	740	336
Less: Interest Charges and Royalties Received Net	12	36	82
Profit before Tax	1,151	704	254
Profit after Tax	583	571	200
Earnings per share	5.43p	5.33p	1.87p

The Directors recommend a total dividend of 1.4187p net per share for the year (1977 - 1.2705p net), the maximum allowable. The higher taxation charge reflects full absorption of pre-acquisition losses of a subsidiary.

The good first quarter and strong summer demand continued throughout the year. U.K. market share for electric blankets increased to 51% and exports improved to 10% of total turnover.

Sales of Alarmline fire-detection systems grew steadily and first major installations have now been commissioned.

Orders and deliveries to the trade of consumer products were at record levels in the first quarter of 1979. In the absence of unforeseen circumstances, a further steady advance in sales and profits should be achieved in the current year.

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